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18 August 1983

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No. 2191

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## ACTIVITIES, VIEWS OF DISSOLVED ETA-VII MEMBERS

Madrid ABC in Spanish 12 Jul 83 p 18

/Article by Javier Pagola/

/Excerpt/ San Sebastian--Nine months after the Seventh Assembly of the ETA p-m /Basque Fatherland and Liberty Group political-military/ publicly announced its decision to dissolve itself, the result of an intense internal debate, the process of social reintegration into Spanish society of its former militant members continues irreversibly. Up to now, about 100 persons have benefitted from the measures which were agreed upon by Juan Maria Bandres and the former Minister of Interior Juan Jose Roson. There still remains to be settled the status of 30 other members of the ETA "Seventh Assembly" who have been tried on various indictments.

The majority of them have joined Euskadiko Ezkerra /EE/ and appear to be convinced that they can do much more for the Basque Country "than those who are still mired down in the dialectics of arms." They also believe that their decision marks an important advance toward the definite pacification of the Basque Nation and so some of them would be willing to explain their experiences "wherever necessary."

Having overcome their recent past, all of them face a future which is not free of difficulties. From now on the majority of the former ETA "political-military" members face the pressing need to solve their unemployment situation. This is true of those who belonged to the last group which at the end of May crossed the border.

#### Sporadic Work

One of Pedro Diez de Ulzurrun's aspirations is to work for the Basque TV or for some Basque government department in the dissemination of Euskera. Until that happens he has no work except sporadic translator jobs. Javier Elguezabal would like to continue his university studies which he had begun some years ago in Paris. Juan Jose Seisdedos is waiting for a chance to get work in the capital of Guipuzcoa. The situation is the same for the rest of the members of what was once the ETA Seventh Assembly. Thus, about a month after settling his legal status with the National Court, Jose Leocadio Gaston Foronda is waiting to complete certain arrangements which will allow him to return to his former

position with the Pamplona Telephone Company. Jose Leocadio Gaston commented, "As soon as I returned, I called the Workers' Commission Section to inform them of my intentions. Shortly afterwards, I was informed that the enterprise raised no objection to my readmission. I trust that within a month everything will be settled." Generally, in every case, the reception they were given was correct. Gaston Foronda explained, "I think that our reintegration is not proving to be difficult. From the beginning, we had had in mind to continue to work for our ideals. This integration has been somewhat facilitated by our undertaking it from within EE."

Since the very beginning of the talks between Juan Maria Bandres and the former Minister of Interior Juan Jose Roson, the "abertzale" party promised to provide support to the limit of its ability to those who accepted the agreements. The former ETA member said, "Obviously, I have a strong desire to get back to work. Recently, a young man who will cross the border in a few days said that from now on, working and getting up every day at 6 am means continued the revolution but now on a more personal basis."

His contacts with his former comrades, now grouped in the Eighth Assembly and resolved to continue along the path of arms, are practically nil. Jose Leocadio recalls, "The break was peaceful but afterward there were threats." Apparently, since then there have been no more of these. "Our relations with our former comrades became very tense even though on our side we maintain an attitude of indifference. That does not mean that we do not regret their stand since it is a dead end street. I am confident that as time goes by, if they do not follow in our footsteps, they will take a similar position. The lack of prospects will make them reconsider."

#### An Empty Life

For Leocadio Gaston, and his comrades, the 3 years they resided in the French Basque Country is a thing of the past. Recalling his immediate past, he now comments, "Life without work proves to be too empty." "During the day we did practically nothing, and obviously one missed his relatives and friends in spite of the fact that from time to time we had visitors." When Mitterrand came into power the situation of the ETA members underwent a significant change since the socialist administration granted them refugee status with an allowance of 1,400 francs monthly. "In any event, my comrades and I endeavored to find work in the building industry or in the vineyards, mostly in Bayonne and Bordeaux. In general, the French behaved with great respect...."

9204

CSO: 3548/466

## SAN SEBASTIAN MOURNS TERRORIST KILLED IN BOMB INCIDENT

Guipuzcoa EGIN in Spanish 15 Jul 83 pp 1, 3

[Text] Close to 3,000 people demonstrated in the streets of the old part of San Sebastian late yesterday evening, thus concluding a day of mourning the death of Antxon Tolosa, a member of the ETA military organization, who died Wednesday while transporting a load of explosives in the vicinity of Urgull Wood. The armed organization, also protesting the attack that cost the life of a national policeman in Sopelana, affirmed the membership of the San Sebastian youth in ETA.

From the earliest hours of the morning, there was continuous reaction to the death of Antxon Tolosa. Thus the plenum of the municipal government of San Sebastian was suspended by Ramon Labayen, the PNV [Basque National Party] mayor, in view of the prevailing climate of tension and because of the large number of neighbors from the old part of San Sebastian who had come to the plenary hall. Later, by approximately 1 pm, all of the bars and businesses of the old section of San Sebastian had closed their doors, while the streets were empty of passers-by with the sole exception of a strong police presence, which continued throughout the day without resulting in any incidents.

At 11 am, in family surroundings and also in the presence of friends and representatives of Popular Unity [HB], Antxon was interred. On his bier, his friends had placed a large antinuclear sticker and a handkerchief that he used during fiestas. Over the coffin, there was a "txapela" with the ETA initials.

Approximately 3,000 people who congregated after the funeral yesterday of ETA member Antxon Rolosa in the parish church of San Vicente of the old part of San Sebastian took part in a demonstration through the central streets of the capital of Guipuzcoa. There were no incidents in the course of the demonstration, despite the large number of police deployed.

During the hour and a half that the demonstration lasted, the crowd kept up a continuous chanting of slogans in favor of the ETA military organization, for amnesty and in remembrance of Antxon. A large placard with the words "Antxon gogoan zaitugu" headed up the march from the very

vicinity of the barred temple where the funeral had been performed beginning at 7:30 pm. Behind this placard, there was a large "ikurrina" with black crepe followed by another placard with the KAS [Patriotic Socialist Coordination] emblem. On one of the breakwaters of the port, several youths launched rockets to pay homage to Antxon.

The demonstrators went first to the spot where the young ETA member fell dead. Once there, and after keeping silence for 5 minutes, they intoned the "Eusko gudariak," fists raised. After this small homage, the demonstration followed the usual circuit and after turning down the Avenida de la Liberatad, it ended up again in the boulevard opposite the San Sebastian town hall, flanked by a large contingent of Public Order Forces that did not attack at any time.

Once before the town hall and the Public Order Forces, the demonstrators began to rebuke the police and to chant slogans such as "police assassins," finally signing the "Eusko gudariak."

The action of one of the policemen should be noted. Unable to resist the tense atmosphere, he charged the crowd alone, pistol in hand, an action without further consequence.

After the call by the popular organizations and political parties for support of a general strike in the old section of San Sebastian, those convening yesterday's activities noted that there was a positive response. In the early hours of the morning, as asked for in the convocation, a large number of neighbors from the old section congregated in the San Sebastian town hall, where there was to be a plenary session, which was then suspended. During that session, HB was going to present a motion against the ZEN plan, as were Aizan, antinuclear groups, antidrug organizations and ecologists. Also in this plenum, the pro-amnesty promoters were going to present an urgent motion concerning the death of Antxon. In the cited motion, the promoters asked the community to take action as such to make public its solidarity with the family members and friends in the sorrow that they feel for the tragic loss of Antxon. The community should likewise "consider Antxon a person worthy of belonging to our city and to our people," and it should demand the freeing of Antonio Galan, in custody following the incident. In the same manner, the motion asked that it denounce the lack of freedoms being suffered by the Basque people, "one of the consequences being the tragic death of Antxon," and finally it urged the municipal government "to go to the funeral services and mobilizations that take place in memory of Antxon." Nevertheless, as we have already indicated, the plenum in San Sebastian was suspended.

#### Labayen Suspends the Plenum

Ramon Labayen, PNV mayor in San Sebastian, decided to suspend the municipal plenum in view of "the existing prospects that the debate could not be carried out in a climate of liberty and dignity," as he stated it.

Ramon Labayen, PNV mayor, does not believe that this decision was "transcendent" and he affirmed that the plenum was being suspended so that it could be held with the proper assurances. Nevertheless, Socialist councillor Odon Elorza termed the suspension "a hasty decision" and "somewhat incoherent."

After criticizing the mayor's acceptance of political motions in the suspended plenum, Elorza referred to the PNV and stated that Labayen "is playing politics before the patriotic gallery."

HB showed its disagreement with the mayor's decision, considering it "unilateral" and, after pointing out that the reasons given by Labayen seem to be insufficient, it reiterated that they are one more indication of "the lame and ambiguous policies of the PNV."

"A municipal government," they added, "has to reflect the problematical situation of the interests of the citizens. The San Sebastian government has not been up to the circumstances." Gregorio Ordonez, Alliance councillor, showed his partial support for the suspension of the plenum and he emphasized that the measures "seems a little exaggerated."

Eduardo Cuesta, councilman from Basque Left, referred to the "surprise" that they felt at this decision, which for them was an "imposition."

Likewise, HB issued a communique saying:

"In the first place, we disagree with the unilateral decision adopted by the mayor. The procedure of using the powers given to the mayor by the Local Regime Law from the time of Franco, not allowing the option even to begin the plenum, does not seem to us to be either democratic or proper.

"The reasons adduced for the suspension of the plenum also appear to us to be insufficient. The mayor cites the climate of tension, the almost certain possibility of serious incidents that could impair the dignity of the community... Behind these reasons, in our opinion, are the lame and ambiguous policies that the PNV generally displays before the most important and most felt demands of the Basque people.

"We in the HB municipal group, even understanding that the plenum was going to be tense, believe that all of our efforts should have been directed toward dealing with all of the points presented in the agenda, as well as putting ourselves at the head of an urgent motion presented by the GGAA and assumed by HB in regard to the tragic death of Antxon. Those efforts involve respecting all of the opinions of all groups and freely making decisions in accordance with the correlation of forces within the San Sebastian municipal government and with the various class and national interests that we defend in the different political groups present in the community.

"And we note all of the foregoing in the firm judgment that the municipal government has to reflect the problematical situation and the interests of its citizens, of the city. It is for this reason that we consider that the San Sebastian municipal government has not kept on top of the



circumstances, evolving what is called the "policies of the ostrich," that is, hiding its head so as not to see the problems, believing that that will make the problems disappear."

### Strike

After the suspension of the plenum, all of the bars and businesses of the old part, with some rare exceptions, begin to close with the approach of 1 pm, the hour planned by the convokers. After that hour, practically all of the businesses had closed their doors as a sign of mourning. In the boulevard, the deployment of Public Order Forces was impressive. In spite of this, one could see groups of youths who passed through the streets whistling familiar songs, in the presence of the constant patrolling of the National Police.

The only incident occurred when a group of people gathered in the bookstore that Ignacio Latierro, secretary general of the Basque Communist Party, has in this zone. Latierro, when it was suggested that he close, answered: "I feel grief only for the policeman killed in Sopelana."

Several youths wrote on the door of the establishment insults that were directed against the secretary general of the Basque Communist Party.

### Intimate Burial

At 11 am, a not very large group of family members, friends and representatives of popular organizations, of HB and KAS accompanied the coffin with the remains of Antxon Tolosa. Seen in the coffin were the antinuclear badge placed there by his friends, the black handkerchief that Antxon was accustomed to wearing while participating in the popular fiestas of his barrio, and a txapela with the ETA initials. This anagram could also be seen on a poster near the spot where the San Sebastian youth was buried.

After the burial, the assembled people--who left a veritable mountain of flowers--intoned the "Eusko gudariak."

### Mobilizations on Behalf of the Detained Youth

Also, in regard to the youth detained as a result of the death of Antxon, Antonio Galan, his fellow workers in the Bank of Guipuzcoa, after holding an informative meeting yesterday, called on the employees of the banks and savings associations to meet at 7:45 am today in the small plaza of the cited bank. This convocation is supported by the Assembly of Leftist Banking Delegates.

As indicated by members of the works committee of the Bank of Guipuzcoa, Civil Governor Julen Elgorriaga had announced to them yesterday that the detained youth would be released during the afternoon, without this fact having been confirmed at the time that this information was edited.

## MUMCU ON EXTRADITION OF TOP TERRORISTS

Istanbul CUMHURIYET in Turkish 22 Jul 83 pp 1,11

[Article by Ugur Mumcu in the column "Observations": "Three Men..."]

[Text] Doctor Martella interrogated Bekir Celenk in Sofia, thus a further step was taken in the Agca inquest. Soon the lawsuit will begin and we will see all the proofs.

Now Celenk is pining to return to Turkey. Yet he could have also returned to Turkey before so many adverse things happened to him. Furthermore, martial law authorities were looking for him and sending out "return to your country calls." Celenk who in those days was having a good time in the nightclubs of various European cities, somehow started to feel a longing for his country, after inquiries about trafficking began in Italy. Easy enough: as soon as he heard he was wanted he could have hopped on an airplane in London and given himself up in Yesilkoy. Were there any obstacles for anyone wishing to return home? In those days didn't Celenk say to Turkish officials in London: "Let Sadettin Tantan resign from his post and I will then return and give myself up."? Why was Celenk so wary of the Director of the Istanbul Fiscal Police who is known for his integrity? Was he worried about something, afraid of something? Naturally, we will learn all this after Celenk is brought to Turkey. At present, except through a newspaper, it is very difficult to reach him. What else can we do? We shall wait.

The second important man who should be returning to Turkey, whose name we are now weary of writing, is Migirdic Sellefyan. Sellefyan has been living in Switzerland for quite a number of years and he has also been carrying a Turkish passport for many years. His code name in the world of trafficking is "Ibrahim bey." Sellefyan, who was prevented from getting a diplomatic passport by an article we published in 1980, also has powerful friends in Turkey. Those who know who they are are aware of them. What is the use of further naming names?

Through his powerful friends in Turkey, Sellefyan kept up his business contacts for many years, while leading a leisurely life in Switzerland. However, this leisure is about to come to an end. Procedures to take away his citizenship from Sellefyan, who is under "arrest in default" in Turkey for trafficking crimes, or to bring him back to Turkey are almost completed. Sellefyan, who appears to have connections with the Armenian "Tasnak Party," when interrogated in Turkey will shed a lot of light, aside from his trafficking crimes, on Armenian terrorism. Sellefyan is also one of the important, key men in the traffic through Bulgaria.

Together with Geno Genov, a former trade agent for Bulgaria in Istanbul, Sellefyan is wanted in Turkey for the crime of trafficking. The lawsuit related to the "trafficking corporation" established by Sellefyan and Genov was transferred from the Ankara Martial Law Court No4 to the Istanbul tribunals. In the Istanbul-Kadikoy 3rd Penal Court file, bearing the serial number 1980/107, there are minutes and documents related to the ships under Panamanian flags, which were bought from Bulgaria's "Rudmetal" company and smuggled sheet-iron into Turkey.

Sellefyan, who is registered under No8 of page 140, volume 103 of the State Register of Persons, in the Mimar Hayrettin area of the Istanbul Eminonu district, spends his days in Switzerland, in the city of Geneva at the "18 Rue de Mavche[?] Kase [?] Postale 66, 1211" address, where his "Filecom" company is situated and at his Lausanne luxury villa at the "Cahateau [Chateau?] Fec 18" address.

If Sellefyan, whose identity and addresses we openly disclose, is not brought to Turkey and submitted to a close interrogation at this time, it will be far from easy to bring this famous crook to Turkey at any other time.

The interrogation in Turkey of Sellefyan, who has business and financial ties with many people in Turkey labelling themselves "nationalists", will shed light on the trafficking through Bulgaria, ships under Panamanian flag with contraband merchandise, the dirty games with Swiss banks, the smuggling companies in Turkey and the Armenian "Tasnak Party." From that standpoint, the name of Sellefyan takes on an extraordinary importance. There is no possibility of grasping the trafficking and robberies that have gone on for the past 20 years without interrogating Sellefyan.

The third man we want to see in Turkey has no connection with crime. The only reason for our wish to see this third man in Turkey stems only from a political concern. Former member of Parliament, newspaper owner and businessman Murat Bayrak, who lives in the Federal Republic of Germany at the "Oberer Lindweg 33.5300, Bonn 1" address, has been out of the country from September 12 to this day. Before September 12 Bayrak, who founded "youth camps", where rightist adolescents were trained, at the touristic installations he built with credits he obtained from the state, in Ayvalik on the Aegean shores, after September 12, under the astonished eyes of his "fellow militants" went first to America and then settled in the city of Bonn in the Federal Republic of Germany.

The fact that Murat Bayrak, who extolled life in Turkey in the days before September 12, when terrorism was at its worst, started to live abroad after the acts of terrorism were under control leaves us wondering a little. Bayrak owned a newspaper before September 12; furthermore, he had imported from abroad several millions worth of offset intallations. He was making various preparations for the future. What happened to those activities?

Nowadays Murat Bayrak must return to Turkey and take part in the political party activities. His country is expecting such a service from him now. When even the youths who grew up under his wing, who were trained in his camps are forming parties now, the fact that Murat Bayrak stays away from those undertakings is sad and thought provoking.

Or has Murat bey achieved his aim long ago?

## GOVERNMENT PURCHASES ESSO REFINERY; ND DISAPPROVAL

Athens I KATHIMERINI in Greek 30 Jul 83 pp 1, 3

/Text/ After long negotiations, the government announced yesterday that it had purchased the ESSO group --the refinery, as well as the ammonia, sodium chloride, solvents, ethylene and PVC plants. As announced in the Ministry of Energy communique, the purchase price is 15 million dollars of which 3 million are expected to be spent in the country --repair of ESSO vessels in Greek shipyards.

Involved in the ESSO purchase is the petroleum and chemical products marketing network, as well as auxiliary units for the servicing of branches in the Salonica region.

Conditions for the purchase agreement, except for the price, provide for the following:

- Immediate cancellation of the contract with the Greek state for the supply of crude petroleum by ESSO's parent company EXXON.
- Technical support agreement.
- Commercial cooperation agreement on an international level --servicing of international sales from the purchased firms to the ESSO network throughout the world, exclusive rights for representation and commissioning of ESSO on the Greek market.
- Determination of the price of technology by an expert who will be jointly designated.

The Ministry of Energy communique mentions that the conditions of the agreement are considered as satisfactory because the property holdings of the group are of great value. Commercial cooperation with ESSO is also considered as an important element.

It is being stressed that ESSO employs 1,100 workers and high-level technicians.

The Ministry of Energy communique also mentions the significance of the purchase of the group, the military position of the refinery, the strategic role of the industrial group in the Salonica region and Northern Greece, etc.

The communique mentions that the state will maintain the conditions for organizational maneuverability and competitiveness of the group and will avoid converting it into a problem firm by modernizing it. It also states that the workers' legal rights will not be affected.

#### ND Announcement

The following announcement was issued late last night by New Democracy in connection with the ESSO matter:

"In its usual way, the government will represent the departure of ESSO from Greece after 20 years of operations as the fulfillment of visions of a price contract.

"Reality, of course, is completely different. ESSO, as many other foreign and also Greek firms, are forced in the long run to leave Greece in view of the chaos that has been created by PASOK's inconsistent policies.

"Not one private citizen has been found to buy them but they are obtained with tragic satisfaction by the state so as to increase the chaotic squandering of state money. We avoid mentioning rumors that are circulating about the departure of other firms with or without being bought out by the state. We will comment only if and when these rumors are confirmed, something which in the present circumstances we strongly hope is not true.

"The Greek people know, through PASOK's bitter experience up to now, that any such socialist changes are paid for by them through some new insufferable tax.

"We call on the government to publicly disclose the complete text of the agreement and any other adjustments accompanying it, and we hope that there will not be any secret protocol included in it."

5671

CSO: 3521/394

## RISE MARKS FIRST QUARTER OIL IMPORTS

Istanbul MILLI GAZETE in Turkish 22 Jul 83 p 4

[Text] ANKARA (ANKA) - This year's crude oil imports, for the January to April period, showed an increase of 1 million tons in comparison to the same period last year, and reached 4.9 million tons.

Against this sizeable increase in the quantity of crude oil imported, due to the worldwide drop in oil prices the increase in Turkey's bill for crude oil was \$150 million. During the aforementioned period last year's imports amounted to \$ 1 billion 49 million at \$265,2 per ton, while this year's imports for the same period at an average of \$23.5 [?] per ton, total \$ 1 billion 199 million.

At the same time, imports of oil gases and motor oil, for the January to April 1982 period, showed that sale levels were low, while it was seen that fuel-oil imports fell from \$21.3 million to \$4.9 million.

## Industrial Products

Imports of industrial products reached a total of \$ 1.5 billion for the first 4 month period of the year. Last year, during the same period, \$1.4 billion worth of industrial products were imported.

The increase in the imports of industrial products shows that, except for fertilizers, imports of chemical industrial products, as well as of products of the iron and steel industry, were high, while the increase in the imports of machinery and electrical appliances was slower.

12278

CSO: 3554/381

## EMPLOYERS SEE SIGNS OF ECONOMIC RECOVERY

Brussels LE SOIR in French 1 Jul 83 p 6

[Article by Vanden Driessche: "Belgian Employers Observe Signs of Slow Economic Recovery"]

[Text] Does a slow recovery guarantee a lasting recovery? That is the question that the FEB [Federation of Belgian Enterprises] is posing as the epigraph of its latest cyclical memorandum. Moreover, this hypothesis is supported by the Ministry of Economic Affairs and also by the Central Economic Council which dares not go beyond projecting only a slow, moderate recovery.

The FEB observes, in light of the national bank's synthetic curve, that the economic situation since October 1982 has been see-sawing around the level reached last January.

This detailed statistical analysis, however, shows semistability in industrial production during the first months of 1983, but a reduction in the volume of private consumption, including a setback in new-car sales and a reduction of more than 20 percent in the demand for building permits; all these indicators were presented at the beginning of a comparison with the same period last year.

As for the investment climate, the national bank's latest analyses reveal a 16.6 percent rise in value (and 8.5 percent in volume) for industry as a whole--17.9 percent in manufacturing and 12.8 percent in energy, balanced by a decline of 10.5 percent in construction.

Customs statistics show a clearly smaller deficit in our trade balance during the first four months of 1983 than during the same period in 1982. This trend appears significant even when last year's figures are weighted because of the monetary measures. Observers attribute this trend to the restraint on wages and the return of the Belgian franc to a median position in the SME [European Monetary System].

Interest rates have gone down; inflation has slowed from 8.9 percent in March to 7.2 percent in June, later than that of our partners. The number of unemployed has begun to fall even beyond seasonal norms. The figures

show 15,500 fewer people looking for employment than in January; last year during the same period, unemployment had only dropped by 8,158. On the other hand, the unfavorable growth of the public debt continued, increasing by 10 percent during the first four months of 1983. The employers' federation does not hide its anxiety at this slackening, especially during preparation of the budget.

Thus the FEB concludes that the economic situation is stabilizing, indeed improving, but emphasizes the significant effort required to reach government's 1983 objective of a maximum deficit of 12.5 percent of the GNP. Furthermore, without contesting the need to preserve, or re-establish, purchasing power, the FEB is wondering about the measures the government is using to achieve these goals; it fears, above all, a return to the rigidity preceding Martens V. For even if the indexing of wages and benefits evens out for four months, which could slow their effect on the annual total wages bill, this effect would only make itself felt at the beginning. This system will only balance the peaks.

Their anxiety is even greater because our economy is greatly affected by the international situation. It is this dependency that the Ministry of Economic Affairs underscores when, after having ascertained an equilibrium of positive and negative signs at a level slightly above that of 1982, it wonders about the extent of the technical recovery initiated by the United States and Germany. Will this economic activity develop into a true economic recovery, or, on the contrary, will it turn toward a new period of stagnation?

#### 1984 Up-Turn

We hear the same bell toll from the Central Economic Council which talks of "a considerable uncertainty regarding the extent, the stability and the international distribution of the up-turn observed in several countries. We are especially concerned since the influence of oil prices, interest rates, exchange rates and governmental socio-economic strategies is considerable." Consequently, observers believe that the up-turn will be moderate in 1983, continuing slowly until 1984 when it will be able to accelerate.

For the FEB, the pursuit of a growth rate attained before the end of the year will favorably influence world trade: after a 1 percent drop in 1982, world trade would grow by 0.5 percent in 1983 and 3 percent in 1984. Nevertheless, the FEB wonders if a moderate growth rate is not the best guarantee of lasting recovery. "The progressive up-turn in economic activity makes it possible, in effect, to avoid an excessively hasty increase in demand for raw materials, energy, and capital goods which would considerably increase inflation," it says. "Its acceleration now would incite governments to again implement monetary and budgetary policies which would quickly cancel out the economic recovery. Besides, rapid fluctuations of economic activity slow down industry's structural adaptation because of the resulting increased risk factor which complicates investment decisions.



Finally, it is worth noting that after analyzing the various economic factors in the principal European countries, the FEB ascertained that Belgium's considerable effort to reduce her 1983 rate of inflation to 6.5 percent only partially improved her relative position and only feebly increased her position in relation to her principal trading partners, Germany and the Netherlands, whose inflation rates fell to 3 percent and 2.5 percent.

12308

CSO: 3619/83

## BOTH FOREIGN TRADE AND BUDGET DEFICIT SHOW IMPROVEMENT

Copenhagen BERLINGSKE TIDENDE in Danish 24 Jul 83 p 2

[Article by Frank Dahlgaard]

[Text] New calculations by the Finance Ministry show that Denmark's trade deficit will be 8 billion kroner in 1984, compared to 13 billion this year and 19 billion last year.

Finance Minister Henning Christophersen told BERLINGSKE TIDENDE that the 1984 trade deficit of 8 billion kroner was 2 billion less than previously estimated.

In addition, this year's deficit of 13 billion is 1 billion kroner less than previously estimated.

"The improved status of the balance of payments is the result of somewhat greater economic growth abroad than previously anticipated. This means better prospects for exports from Denmark. Next year we also will receive natural gas from the North Sea. Overall, our exports currently are in a favorable position. This also applies to services and tourism revenues. The import situation also is satisfactory."

The new estimates from the Finance Ministry are based on relatively unchanged international interest rates and a lower exchange rate for the dollar.

Henning Christophersen stressed that the new estimates assume that present financial policies will remain unchanged. This means that the government must be able to pass its budget proposal in parliament in a relatively unchanged form.

The finance minister said that a trade deficit of 8 billion kroner would be the lowest deficit since 1978.

## State Finances

If this deficit is compared to Denmark's gross national product, we must look back to 1975 to find a lower trade deficit than the one presently predicted for 1984.

The finance minister stated that the budget deficit for the current year now is estimated at about 62 billion kroner, compared to an estimate of just under 69 billion made last December.

When the coalition government took over last fall, it estimated that the 1983 budget deficit would climb to 80 billion kroner if no special steps were taken.

The budget to be presented in parliament by Finance Minister Henning Christoffersen in 1 month will provide for a deficit of 59 billion kroner in 1984--slightly below the expected deficit for this year.

Henning Christoffersen said that this would be the first drop in the budget deficit since 1976/1977.

The finance minister announced that the expected employment picture would remain unchanged.

"Unfortunately, we must expect the unemployment level in 1984 to remain at about the current level. It is useless to raise unrealistic expectations. We are facing an enormous and time-consuming task. It will take time for businesses to develop and implement investment plans."

9336

CSO: 3613/165

## LOCAL GOVERNMENT ACCEPTS DANISH PLAN TO DAMPEN INFLATION

Copenhagen BERLINGSKE AFTEN in Danish 22 Jul 83 p 1

[Article by Hans J. Poulsen]

[Text] On his own initiative, Greenlandic Affairs Minister Tom Hoyem has gone against Denmark's traditional policy toward Greenland. He has promised the Greenlanders that prices and rates will be kept down. The purpose is to reduce inflation, which is 50 percent higher in Greenland than in Denmark. In return, the head of the Greenlandic government has accepted cutbacks of 95 million kroner in 1984 in direct assistance from the Danish state.

The inflation rate in Greenland, which is 50 percent higher than elsewhere in Denmark, will be brought down to the Danish level. Until further notice, an effort will be made to avoid all increases in prices and rates. Greenlandic Affairs Minister Tom Hoyem (Center Democratic Party) promised this action in a letter to the Greenlandic government. In return, the head of the Greenlandic government, Jonathan Motzfeldt, accepted a 95 million kroner cut in the 1984 budget in allocations to Greenland from the Danish state.

There are no price and profit regulations in Greenland. And the cost-of-living index, which was abolished in Denmark, is still alive and well in Greenland. Since the state sets prices in Greenland, however, it can step in when profits and prices are established. It also can set telecommunications, electricity, water, heating, and freight rates.

The new agreement, which was approved in early June by an exchange of letters between the Greenlandic Affairs Ministry and the government of Greenland, already has had an effect. Plans to increase telecommunications rates by 20 percent have been abandoned and as of 1 July the cost of 1 liter of gasoline or heating oil has been reduced by 5 ore. Now 1 liter of gasoline in Greenland costs 5.45 kroner (compared to 6.36 kroner here in Denmark) and 1,000 liters of heating oil costs 2,850 kroner compared to 3,210 kroner here in Denmark.

In order to guarantee availability, the petroleum products sold this summer by the Royal Greenlandic Trading Company have been in storage since late 1982. The current prices include interest payments on the stored products. The political promise made by the Greenlandic affairs minister to the government

of Greenland was issued on 5 June during negotiations late into the night at the Hotel Imperial in Copenhagen. WEEKENDAVISEN learned that some officials were against this kind of Danish antiinflationary guarantee, which is something new in Denmark's Greenland policy.

The verbal agreement was confirmed in a letter written on 8 June from Greenlandic Affairs Minister Tom Hoyem to the government of Greenland. The letter reads, in part:

"It is the intention of the minister and the Greenlandic government, as far as possible, to avoid further rate increases. Thus, prices and rates should be increased only when absolutely necessary to meet budget demands for various activities. It should be confirmed through consultations between the ministry and the Home Rule Board that rate increases are well-founded on the basis of operating costs for the service in question."

It was added that the telecommunications rate increases scheduled to take effect on 1 July, about which the ministry wrote to the Home Rule Board on 11 May 1983, would not be carried out. Tom Hoyem has previously communicated with the head of the Greenlandic government by telegram with quotations from the Bible, but this time his text was more concrete.

This agreement is expected to play an indirect role this fall in limiting inflation during negotiations this fall in Greenland. There are no estimates as to whether or not this agreement will cost Denmark anything beyond the 95 million kroner cut from the budget.

Member of parliament Preben Lange of the Siumut Party [moderate leftist party favoring greater local autonomy], who belongs to the same party as the chairman of the Greenlandic government, unlike Motzfeldt, does not accept the budget cuts. To demonstrate this fact, on a different issue, he intends to vote against the Schluter government. This will occur at the extra session of parliament on 9 September on the issue of cuts in block grants in "southern Denmark." He intends to vote against the government even if this costs the government its existence.

Former Greenlandic Affairs Minister Tove Linbo Larsen (Social Democrat) said that the price and rate agreement was a purely administrative matter and had nothing to do with parliament, as long as there was agreement between the government of Greenland and the ministry.

It is improbable that Preben Lange and the Progressive Party will topple the government on 9 September. Even though Prime Minister Poul Schluter calls it a "routine matter," the block-grant issue has become a vote of confidence in the government. The reason for this seems to be that the government wishes to find out as soon as possible after the summer vacation where the Progressive Party stands, after the final conviction of Mogens Glistrup and his removal from parliament.

The "routine matter" on the parliamentary agenda for 9 September is called Proposal 217: "Law on Payments to Municipalities and General Allocations to Municipalities and Counties." In early June the government postponed action on the proposal. The Radical Liberals were ready, but there was disagreement within the Progressive Party.

Apparently, however, the prime minister now believes that a majority is within reach. If Poul Schluter is being overly optimistic, new elections will be held. Then, on 4 October, a newly elected parliament can begin where the old one left off.

9336

CSO: 3613/166

## COMMUNIST ORGAN: FINNISH FIRM MAY MINE NICKEL IN USSR NORTH

Helsinki KANSAN UUTISET in Finnish 14 Jul 83 p 3

[Article: "Outokumpu Outlines Repairs for Petsamo"]

[Text] Together with the Soviet Mekhanobr Institute, the Outokumpu Company is outlining the repair work to be done on the nickel concentration plant at Petsamo.

Whether the project will materialize is to be settled in October. Company manager Eero Loytymaki has announced that Outokumpu is ready and willing to tackle the project.

"The project was proposed on the initiative of the Soviet Ministry of Nonferrous Metallurgy and it will be in connection with agreements concluded by the Finnish-Soviet Scientific and Technical Committee. As we have said, the matter is still just an outline. Of course, we hope that the decision in October will be positive for us," manager Loytymaki said.

The Soviets plan to repair and expand the nickel concentration plant at Petsamo. The repair work would be done on the existing plant, which was built for the Soviets after the wars.

Petsamo concentration plant production is obviously bigger than that of any Outokumpu plant. Joint research would also be conducted in connection with any possible repair work. There are rich nickel and uranium deposits in the Petsamo area, which is over 10,000 square kilometers in size. From 1934 to 1944 the Canadian company, INCO [expansion unknown], whose license to operate the Soviet Union paid \$20 million for, held the mining rights to the nickel area.

In Petsamo as early as the 1950's the main emphasis in mining operations shifted eastward to the richest deposits of Zdanov in the Pilgajaur area.



Key:

1. Norway.
2. Finland.
3. USSR.

The old Petsamo nickel concentration plant, which they are now planning to repair, is located in Nickel'. The focus of mining operations shifted eastward from there to Zapoljarniy in the 1950's.



## INDUSTRY GROUP IS MORE CAUTIOUS ON ECONOMIC UPSWING OUTLOOK

Helsinki HELSINGIN SANOMAT in Finnish 15 Jul 83 p 23

[Text] Industry's expectations with regard to the economic situation have become somewhat more cautious since the enthusiasm of the first half of the year. According to the Industrial Confederation's (TKL) economic barometer, published on Thursday, 66 percent of our industries expect the situation to remain unchanged in the near future. Nineteen percent believe that they are facing better times and 15 percent predict that their situations will worsen.

The first barometer for this year, published in April, was considerably more hopeful. At that time 23 percent expected things to improve, 58 percent were of the opinion that the situation would remain the same as before and 19 percent predicted a worsening of their situations.

At the present time over 500 businesses representing all the main fields of industry and the construction industry participate in the economic survey that is published by the TKL four times a year.

While industry has become more cautious in its evaluation, according to department head Pirkko Lammi, it has not really been disappointed in terms of its expectations for the first half of the year.

Especially in the lumber industry, expectations have been observed to be moving downward. "In lumber industry circles they merely seem to believe that this situation will continue," Lammi asserted.

In comparison with the last survey, the pessimism of the metal and construction industries has somewhat lessened. Examined by fields of activity, all things considered, big disparities are still to be expected, although these differences have been very slightly evened out in comparison with the first half of the year. The outlook in the consumer goods industry, among others, is still poor, while, on the other hand, the chemical industry expects a slight improvement.

## Investments Declining

According to the barometer, industrial production has increased, as expected, and exports as well, but this increase is not expected to get any stronger in the near future.

Inventories of finished products have continued to decrease and production capacity is employed slightly better than before, but the volume of orders has not increased. The labor force declined only moderately during the spring season. However, investments have been clearly declining.

As anticipated, the volume of industrial production rose from the level it was at at the start of the year during the second quarter of the year. Clothing industry production, however, declined and metal industry growth has been slight.

During the second quarter production rose a bit more than it did a year ago. There was noticeable growth in the lumber and chemical industries as well as in the construction industry. However, clothing and metal industry production seems to have been less than the year before.

No significant increase in production is anticipated in the second half of the year. It is estimated that production will decline slightly during the next quarter and that it will increase somewhat at the end of the year. A slight rise is expected in the metal industry but, on the other hand, a decline in the clothing and construction materials industries.

It is predicted that the construction industry will increase its production before the end of the third quarter and the chemical and metal industries not before the end of the year.

In June there was idle capacity in 73 percent of industry. The percentage has slowly begun to drop now in the third quarter. It is, however, predicted that within 6 months the idle capacity will increase, especially in the construction industry.

## Volume of Orders Still Less Than Usual

Industry's volume of orders is still less than usual, although not as commonly so as last year. In the consumer goods industry it is still low, as is also the case in the lumber industry despite some improvement.

The volume of orders did not increase during the second quarter. A decline is anticipated in the metal, chemical and construction materials industries. It is predicted that orders will on the average continue to decrease slightly in the near future.

The number of industrial workers has only dropped to a very limited extent. Evidently contributing to this is the effect produced by seasonal workers, since it is predicted that during the next quarter the labor force will instead fairly generally decline. There are obviously fewer workers in factory

industries than a year ago while, on the other hand, the construction industry reports that its labor force is increasing.

The volume of industrial product exports has slightly risen above the figures for the start of the year. Consumer goods exports have, however, on the average decreased and construction industry exports are also now declining. The increase is primarily in the lumber, chemical and metal industries. A slight increase in exports is forecast for the next 6-month period. The lumber industry is still waiting for an upswing, as are the textile and metal industries.

#### Timo Relander: Increase in Interest Rates Surprises Industry

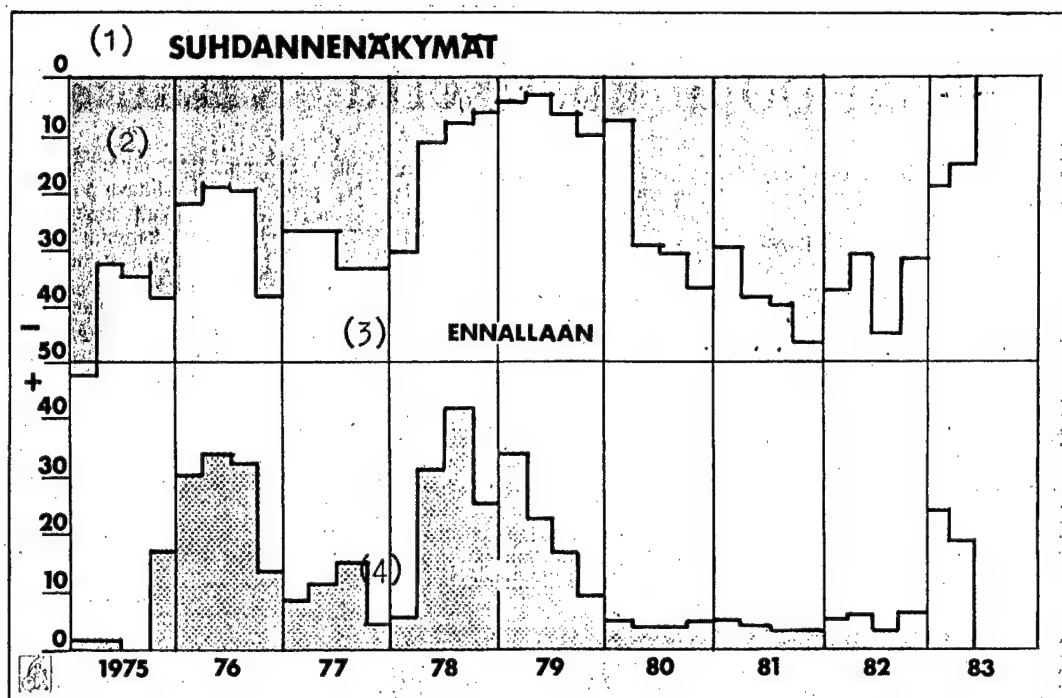
According to TKL assistant general director Timo Relander, the Bank of Finland's recent decision on interest rates has shown itself to be harder on industry than anticipated.

For example, interest rates on new industrial loans and those that are being renewed have, according to Relander, risen by as much as 3 percent since the decision on interest rates of last spring.

Speaking on the occasion of the publication of the economic barometer, Relander several times tackled the question of Finland's declining ability to compete on international markets.

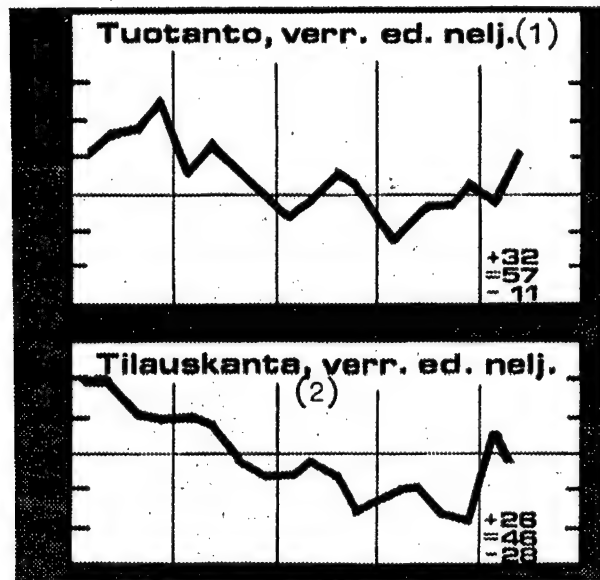
According to Relander, the cutting of the inflation rate to 6 percent, established as a budget objective, is an insufficient goal from the standpoint of our ability to compete. Among other things he also demanded a freeze on all those fees and tariffs that affect industrial production costs.

Relander also raised the question of the revision of the funding structure for businesses and demanded tax reforms by means of which the requirements for procuring one's own capital would be improved. "For businesses their own capital should be subject to taxation on the same basis as with borrowed capital."



Key:

1. Economic outlook.
2. Worsening.
3. Unchanged.
4. Improving.



Key:

1. Production compared to the last quarter.
2. Volume of orders compared to the last quarter.

11,466

CS0: 3617/155

## GOVERNMENT THINKS OECD INFLATION PROJECTION IS EXCESSIVE

Helsinki HELSINGIN SANOMAT in Finnish 14 Jul 83 p 23

[Text] The OECD forecasts a rate of inflation of 8.5 percent for Finland next year. That is considerably higher than the goal of 6 percent set by the government and the Finance Ministry. Economic experts elsewhere than in the Finance Ministry also feel that the OECD figure is surprisingly high.

Finance Ministry department head Pertti Sorsa still believes that it is possible to achieve the 6-percent goal, although it will not be easy to do so and will require an extremely purposeful policy on the part of the government.

Sorsa feels that the OECD's 8.5-percent forecast is quite to the point — if the economy is allowed to run at its own speed and the government does nothing. The Finance Ministry has arrived at the same figures as well.

"But if the government does everything it can to check inflation, 6 percent is a very realistic objective," Sorsa said.

According to Sorsa, this summer they have been trying to figure out ways of combatting inflation at the Finance Ministry. The key word is "tightening up" in any and all sectors.

The government's first test case will be next year's budget. It is expected to be a record tight one. If the policy is successful, in Sorsa's opinion it will also be possible to get inflation under control.

Government fees and tariffs must be kept as low as possible. There is no room for increases like this year's. The Bank of Finland's monetary policy, which has already been tightened, is backing the tightening of the government's finance policy.

The government and the communes must get the labor organizations, which decide on the development of formal income, to support their policy. Otherwise the government's actions will be fruitless.

Sorsa believes that the government has a good chance of achieving a "low budget policy." At least that is what the government program promises.

### "Somewhere in Between"

Kansallis-Osake Pankki (Joint Stock Bank) economic expert Ilkka Salonen feels that the 6-percent objective is a good one, but he does not believe that there is a realistic possibility of attaining it.

On the other hand, he feels that the OECD's 8.5 percent is too high. The inflation rate will probably subside to a point somewhere between the two figures, from 7 to 7.5 percent.

Salonen thinks that the government is trying to influence people's expectations with regard to inflation by setting a low target figure. And, as we are well aware, great significance is attached to what form actual inflation assumes. People behave according to their expectations.

Salonen indeed thinks it possible that people no longer believe that the inflation rate will be as low as 6 percent since the average figure these past 10 years has been over 10 percent.

No one any longer remembers that the inflation rate was only about 3 percent at the end of the 1960's and in the early 1970's.

Salonen also feels that next year's wage agreements will prove decisive. Since developments abroad will not significantly influence inflation next year, domestic developments will be decisive.

Salonen feels that it would be a questionable maneuver if the government were to try to "forcibly" depress the rate of inflation as low as possible. "Our experience shows that cost pressures are released in the years that follow."

### "Disrespectful to Finland"

In the opinion of Industrial Confederation department head Pirkko Lammi, the OECD's 8.5-percent forecast is "a sign of disrespect to Finland and does not speak well of its confidence in the Finns."

"The OECD is a cynical outside observer that has had bad experiences with Finland in the past. It does not have faith in the Finnish Government's ability to lower inflation.

"But evidently OECD experts have not recently visited us here," Lammi surmised. "If they had, they would have realized that the climate and attitudes are changing here. There is really a common desire to achieve lower figures than in past years."

Lammi feels that the government's goal of 6 percent is well chosen: A lower figure would be unrealistic while being content with a higher figure would be unnecessary modesty.

In Lammi's opinion, we would be capable of preserving Finland's ability to compete with the 6-percent figure. If the OECD's 8.5 percent were to materialize, it would mean a considerable weakening of our ability to compete. The OECD forecasts an average inflation rate of just 6 percent for the industrialized countries.

In Sweden they have set a goal of 4 percent for next year, but in Lammi's opinion such a low goal would no longer be credible in the case of Finland.

11,466

CSO: 3617/155



## RENAULT-ARGENTINA PLANS THREE-YEAR INVESTMENTS

Paris AUTO-INDUSTRIES in French 18 Jul 83 p 4

[Text] Buenos Aires, 17 Jul (AFP)--The subsidiary of the French automobile company Renault in Argentina has decided to implement an "important program of investments" in this country during the next three years, according to an announcement made Saturday by the vice president and director general of the subsidiary, Jacques Ramondou.

According to Ramondou, this investment program, which was established during his recent trip to France, will permit the automobile plant, located in Cordoba (711 kilometers north of Buenos Aires), to move "to a top level of technology, as in Europe, the United States and Japan." After an interview with the Argentine minister of Economy, Jorge Wehbe, the director general of Renault-Argentina emphasized that the Cordoba plant would in this way be "integrated into the industrial policy which the National Enterprises Administration is developing at the world level."

Ramondou added that to complement the investment program the French company "is going to introduce a completely new model of automobile on the Argentine market in the last 6 months of 1984 which will not supplant those already manufactured in the country."

From sources close to the subsidiary the announcement of the investment plan appears "as a goodwill gesture," at a time when relations between the automobile sector and the Argentine government are strained because of the price policy applied by the Ministry of Economy. Officials of the French subsidiary in Argentina have warned the government that the 8 percent monthly ceiling authorized for the increase on products manufactured in the country would remain ineffective, given the fact that their suppliers have increased the price of their parts by about 20 percent per month. The Renault subsidiary equips half the automobiles it manufactures with parts purchased on the local market.

8143

CSO: 3519/582

## MAJOR CUTBACKS IN LABOR FORCE AT PEUGEOT-TALBOT

## Government Tries to Soften Blow

Paris AUTO-INDUSTRIES in French 18 Jul 83 pp 1-3

[Text] Paris, 17 Jul (AFP)--Cutbacks in jobs at Peugeot-Talbot, which will be announced officially on Thursday, are of unprecedented magnitude in the French automobile industry and doubtless will be the principal focus of the coming business week.

In this situation which is difficult for the number-two French automobile manufacturer (after Renault) and, indeed, painful for thousands of workers suddenly surprised by this news on the eve of their vacation, the flood lights will be trained on the behavior of the three principal actors: the Peugeot S.A. group, the CGT [General Confederation of Labor] and the government.

Thus, on Thursday, the central (labor) committees of Peugeot-Talbot will be informed of the cutback plan by management. According to the CGT, 7,221 jobs will be eliminated; i.e., about 10 percent of the workforce of the Peugeot automobile group (81,000 employees). These figures are broken down as follows: 3,081 FNE (National Employment Fund) preretirement layoffs in the Peugeot enterprises, 4,140 jobs eliminated at Talbot (out of a workforce of 17,000 wage earners), including 2,915 economic retrenchment layoffs and 1,225 FNE preretirement separations.

The CGT reaction was not long in coming. On Saturday it called upon the workers at the Talbot plant in Poissy (17,000 workers) to engage in 2-hour work stoppages on Monday during both the morning and evening shifts.

The workers calmly resumed their work on Monday at 0700 hours, after a week-long complete production shutdown, as the result of work cutbacks caused by technical problems and the 14 July long holiday; however, in large measure the CGT's call for work stoppages was heeded. At 0900 hours, the assembly lines in building B3 came to a halt, and the workers gathered in their workplaces to attend trade union information meetings which took place quietly. Another work stoppage is scheduled from 1700 to 1900 hours for the afternoon shift, we were reminded.

The CGT also has called for a strike on Thursday and a demonstration in front of the offices in which the central (labor) committees will meet. The demonstration responds to the Peugeot group's having planned to dismantle the Talbot plant, which has become hard to handle because of its thousands of immigrant workers and the growing influence of the CGT since the 1982 strikes (Talbot has already lost 18,000 workers in 4 years).

The CGT, for which any layoff is unjustified, feels that the financial problems (over 2 billion in losses in 1982), which the Peugeot group is pointing up, should be examined more closely. Also the daily of the PFC [French Communist Party], L'HUMANITE, has announced the publication on Tuesday of "Revelations on Peugeot's Rigged Accounts."

The information in the hands of the Confederation and its proposals will be submitted Tuesday to Laurent Fabius, minister of industry, by Andre Sainjon, secretary of the CGT Metallurgy Federation.

Like the CGT, the CFDT [French Democratic Confederation of Labor] says that it "will not accept any layoffs" and proposes the immediate application of the 35-hour [work week] and implementation "of new technologies."

The CSL [Confederation of Free Trade Unions] states that it is close to a strike: "For weeks, rumors of layoffs were rife. On 16 June, management had announced that there was overstaffing," said Mr Lebert, secretary-general of the CSL. He went on to say, "We have been seeking a meeting with the departmental workforce management staff since last Wednesday. We are still waiting for a meeting."

In any case, the government, which will be officially notified of the Peugeot plan on Thursday, seems to have decided to do everything it can to limit "the damage." Jacques Delors, who had already alerted Jean-Paul Paraye, chairman of the group's board of directors, several months ago of the need to increase its capital by calling upon its stockholders, said Thursday that the state could help Peugeot S.A. to realign its "financial structure."

Although the Minister of Economy and Finance admits that "putting the group back on the track" is being accomplished through the layoff of thousands of workers, he feels, nevertheless, that there are "several ways to make changes, and with a better financial structure, it should be possible to limit the damage at the social level."

The Ministry of Business Affairs will take a close look at every layoff request (the procedure during which the administration will or will not authorize layoffs is to be completed toward the end of September). The question will be raised as to why Peugeot is not resorting to a reduction of the work week to save jobs. That is also one of the CFDT's proposals.

In any event, Talbot's problems will not be without consequences for the subcontracting plants in the Seine valley and that at a time when in general the number of layoffs for economic reasons is on the rise.

## Workers Force Fights Dismissals

Paris AUTO-INDUSTRIES in French 18 Jul 83 p 3

[Text] Paris, 17 Jul (AFP)--Andre Bergeron emphasized Sunday, on the subject of layoffs scheduled at Peugeot-Talbot, that FO [Workers Force] could not "accept such happenings without reacting."

Speaking on the "Forum of Radio Monte-Carlo, the FO secretary-general noted that these measures would have "considerable repercussions" in several regions, particularly the Paris region. As for the difficulties of the Peugeot-Talbot group, he reaffirmed that "the company has opted to use immigrant labor who are paid less than other laborers rather than committing itself sufficiently early to the modernization of its manufacturing operations."

"In any case," Bergeron said, "FO will do everything in its power to limit the scope of the measures envisaged by management."

8143

CSO: 3519/582

## BRIEFS

PEUGEOT SALES IN ENGLAND--London, 18 Jul (AFP)--The French automobile group, Peugeot-Talbot, announced Monday in London an 81 percent increase in its sales of diesel automobiles on the British market during the first six months of 1983, compared to the same period in 1982. The total number of diesel automobile sales by the group rose from 1,208 vehicles sold in the first six months of 1982 to 2,189 for the same months in 1983. Sales of the only Model 305 with a 1900 cm<sup>3</sup> diesel engine totaled 1,199 units for this period. [Text] [Paris AUTO-INDUSTRIES in French 18 Jul 83 p 4] 8143

CSO: 3519/582

## NEGATIVE COMMENTS ON RECOURSE TO FOREIGN LOANS

Athens I KATHIMERINI in Greek 31 Jul-1 Aug 83 pp 1, 3

/Commentary by N. Nikolaou/

/Excerpts/ The mass recourse by public corporations and organizations (OTE /Greek Communications Organization/, DEI /Public Power Corporation/, the Aspropyrgos Refinery, etc.) to the international market for the financing of their investment programs and the imminent contracting of a new state loan from the Bank of Greece is, according to economic observers, ushering the Greek economy into a difficult phase, the basic characteristic of which will be a continually growing dependence on foreign loans. From now on, not only the rate and direction of our economy's development but also its mere maintenance at today's low levels will be determined all the more from the level and conditions of loans that foreigners will consent to grant us! If this slide is not checked in time, then our country will be in danger of becoming a dependent of big multinational banks of America, Germany, England and Japan. And this will happen during the days that PASOK governs the country, the president of which party just yesterday repeated his contention that the "movement's" policy is strengthening the self-powered economic development of the country and is ridding itself of foreign dependence.

This threatened "Polandization" of the Greek economy will, of course, have serious economic and also political repercussions. With regard to the latter, the limitations that the balance of payments impose on every endeavor for the recovery of the economy can already be observed, as well as the gradual implementation of policy measures that basically express the views of supernational organizations, such as the OECD, the International Monetary Fund, the EEC, etc.

Of course, no one maintains that PASOK discovered foreign loans. All the previous governments had already sought recourse to them and that was something very natural and necessary since internal resources are never sufficient for developing countries to finance any satisfactory rate of development. What can be attributed to PASOK, therefore, are the following points:

1. It continued the course of foreign loans at a quicker rate than previous governments.

Up to 1980, for every 100 dollars that the country spent (for imports, invisible payments and amortization) it borrowed 5-7 dollars; in 1982, this rose to 16

dollars, while this year it went to 24 dollars. Prospects for the future are even more discouraging.

Of course, the country's credit standing has not yet been affected, while our foreign debt as a percentage of our national income is still smaller compared to many other, including European, nations. Nevertheless, with regard to foreign borrowing and with regard to their overall financial size, what is important is not today's static picture but their dynamic course. It is indisputable that we are today seeking recourse to more and more borrowing! Last year we borrowed about 1.6 million dollars to cover the balance of trade deficit. During the first 5 months of this year alone we borrowed 1.100 million. Where we will be on 31 December 1983 is unknown. Some talk about 2.500 million while others say 3 billion dollars.

Nevertheless, it is characteristic that we have already borrowed 1,100 million dollars even though we have bought but very little petroleum (the distribution companies' tanks are literally empty) for this year's needs, while at the same time we have exhausted almost all the resources that New Democracy had supplied for.

#### For Covering Deficits

2. The government is borrowing not to finance development projects but to cover current consumption deficits of the public sector. In fact, the most dangerous aspect of the extended foreign borrowing is that it is being carried out in conditions of an extended depression of the economy, a fact that has restricted needs in the import of raw materials, fuels, capital goods, etc. to the lowest possible point. For example, in the first 5 months of this year, we set aside 2.480 million dollars for imports (except fuels), compared to 3.175 dollars during the same period of 1981. In other words, 10 percent less. If we take inflation into consideration, then the real prices (i.e. in volume of goods) are at least 20 percent less. Despite this, we had to borrow three times as much as we did in 1981. One can, therefore, realize what would happen if it becomes necessary to revamp somewhat the economy's machinery so that we might move on to some economic recovery. Needs for borrowing will automatically increase since imports will suddenly jump!

3. The government is forced to seek recourse to extended foreign borrowing because with its inconsistent and changeable policy it has undermined the domestic productive forces, while, on the other hand, because of the more general crisis of confidence that it has created, it has restricted foreign sources of supply for the economy (influx of capital, deposits by emigrants, etc.)

5671

CSO: 3521/394

## INCREASED EXPORTS TO USSR, SATISFACTORY PROSPECTS

Athens ETHNOS in Greek 22 Jul 83 p 15

/Article by Andonis Dalipis/

/Text/ Purchases of Greek products by the Soviet Union during the first 6 months of 1983 doubled over the 4 previous years. More generally-speaking, Greek-Soviet trade is moving along satisfactorily and at a greater rate than that since 1979 until last year.

The above facts were disclosed by Alternate Minister of National Economy G. Pottakis who stressed that the imports-exports ratio to the Soviet Union is decreasing, meaning that Greek exports to the Soviet Union are more and more covering the greater part of the value of imports from the Soviet Union.

On the basis of statistical data provided by Mr Pottakis on the development of Greek-Soviet trade, it turns out that during the first 6 months of this year the value of trade exchanges has almost reached the level attained during the entire 12-month period of previous years.

Specifically, trade to and from the Soviet Union in 1979 was valued at 342 million dollars (251.6 million dollars in imports and 90.4 in exports).

In 1980, trade increased to 701.8 million dollars (573.2 in imports and 128.7 in exports), while in 1981 this figure was 982.4 million dollars (753.1 in imports and 139.3 in exports). In 1982, trade decreased slightly to 917.1 million dollars (745.8 in imports and 171.4 in exports).

During the first 6 months of this year alone, according to data provided by the minister, contracts have been concluded for a total value of 821.3 million dollars (638.1 million dollars in imports and 183.2 million dollars in exports).

#### Petroleum

Another important factor is revealed in the data provided, namely that the exports-imports ratio is continually decreasing. In 1981, one unit's value of exports of Greek products corresponded to 5.5 units of imports from the Soviet Union. In 1982, this ratio changed and became 1 to 4.4, while this year the ratio becomes 1 to 3.5.



It is to be noted that a greater part of imports from the Soviet Union is made up of petroleum for which contracts for 1983 were concluded in the first part of the year. Citrus fruits still constitute an important segment of Greek exports to the Soviet Union. Shipments of citrus fruits are scheduled to begin toward the end of the year.

In the meantime, negotiations are taking place at this very time with Soviet organizations for the disposal of large quantities of many other different Greek products, including flour, olive oil and wines.

5671

CSO: 3521/394

## MORE SOVIET SHIP REPAIRS EXPECTED AT ELEVSINA SHIPYARDS

Athens I AVGI in Greek 24 Jul 83 p 1

/Text/ The Elevsina shipyards are expected to repair more Soviet vessels this year than in the 2 previous years.

An agreement to this effect was reached during the recent visit to the Soviet Union by Minister of Merchant Marine G. Katsifaras where he had discussions with his Soviet counterpart Geydar Aliyev on the expansion of Greek-Soviet maritime cooperation.

The Soviets have always had a special interest in having Soviet vessels repaired in shipyards of the Attiki region not only because they are the biggest in Greece but because the Elevsina-Skaramanga area offers an especially strategic interest since it is the area where from time to time military vessels of the American 6th Fleet visit not only to make their presence known in the waters off the Greek capital but also to pick up supplies or undergo repairs.

On the other hand, the Greek Government has a special interest in repairs done at the Elevsina shipyards -- which belong to the Greek state and which have a serious deficit problem that in the last 2 years alone (1981-1982) was about 42 million, while nine Soviet vessels underwent repairs in shipyards of the Attiki region-- in order to offset in one respect impressions about facilities the United States has in the broader area of the capital.

Overall, 13 Soviet vessels are expected to be repaired at the Elevsina shipyards this year, compared to Z as published; most probably five in 1982 and only four in 1981.

Soviet vessels --some of which were auxiliary fleet vessels-- have also been repaired at the state-owned Neorion shipyards and at the privately-owned shipyards of the shipowner Mr Karas in Khalkis.

Moreover, all of the petroleum tankers that have been built at the Skaramanga shipyards of the big shipowner Mr Niarkhos have been leased to Soviet maritime firms for transporting Soviet petroleum products. At the time these vessels were leased Soviet firms took over their operation while Soviet crews manned them.

## BRIEFS

AIR CONTROLLERS MOBILIZATION--Yesterday afternoon, 395 air controllers of the Civil Aviation Service were mobilized. The government took this decision to "avoid" --as stated in the announcement-- "certain serious consequences that would result from their two 48-hour strikes." Minister of Communications Nikos Akritidis told reporters yesterday afternoon of the government's decision to mobilize the aircontrollers. At the same time, police were giving out personal call-up forms. The minister of communications said that the government was ready to satisfy certain institutional demands of the air controllers but not their financial demands because they were excessive. He also criticized the air controllers for not waiting to be informed of the government's official answer but announced their two 48-hour strikes for 24 and 29 July. On the other hand, the Air Controllers Union issued a statement late this evening criticizing the government for depriving its members of the right to strike. The air controllers will submit to the government's decision and will work on a regular schedule. /Text/ /Athens ELEVTHEROTYPIA in Greek 23 Jul 83 p 1/ 5671

CSO: 3521/394

## INTERNAL DEBT, EUROPEAN INVESTMENT, HIGH INTEREST, IMPROVED TRADE BALANCE

Lisbon O DIABO in Portuguese 12 Jul 83 p 15

[Excerpts] Public Debt

The amount of the Portuguese public debt at the end of 1982 came to 1,150,000 contos, 33 percent more than in 1981, according to the quarterly report issued in March by the Banco de Portugal.

The internal debt came to a total of 717 million contos, representing 62 percent of the total public debt, whereas in 1981 it had amounted to 596 million contos.

In 1982 the Portuguese external debt represented 38 percent of the total public debt and reached the amount of 435 million contos, 61 percent higher than that of 1981 according to official figures.

Of the total external debt, 280 million contos were contracted directly by the state and the remainder is part of the guaranteed debt.

The Banco de Portugal and Investment

The Banco do Fomento [Public Works Bank], in collaboration with the European Investment Bank since 1976 has financed investment projects involving an amount of 12.3 million contos.

More recently, since January 1982, the FB [Public Works Bank] and the BEI [European Investment Bank] provided financial support to 40 projects of small and medium-sized enterprises which had changed their mode of operation and had undertaken the introduction of new types of business initiatives to develop exports or activities that will increase production capable of competing in the market.

This financial support contributed to the creation of 667 new jobs and to the stabilization of approximately 12,000 jobs already existing.

### Portuguese Interests Rates Excessive

The Portuguese-German Chamber of Commerce and Industry is of the opinion that the rate of interest actually collected in Portugal on a loan running for 6 months or 1 year is 30.50 percent, when the nominal rate is 28 percent. This is because an additional series of financial charges are due and must be added to the 28 percent.

The Portuguese-German Chamber of Commerce and Industry stresses that: "With inflation running between 22 and 13 [sic] percent, it therefore turns out that the actual interest rate is between 7 and 8 percent, which is admittedly very high."

### Trade Balance Improved

According to the National Statistical Institute, Portuguese exports during the first quarter of 1983 showed a 40.68 percent rise in escudos, when compared with the same period in 1982.

Exports reached the amount of 98,372,397,000 escudos and imports, 171,457,656,000 escudos, which means a drop of 2.92 percent when compared with imports during the first 3 months of 1981.

The trade balance deficit was reduced by 31.5 percent when compared with the same period of the preceding year.

Official forecasts indicate that exports in dollars are due to increase by 11.1 percent.

The trade deficit is due to be reduced by approximately 40 percent between the first quarter of last year and the first of 1983.

8089

CSO: 3542/175

## OECD INFLATION FIGURES, ECONOMIC FORECAST

Lisbon A TARDE in Portuguese 9 Jul 83 p 2

[Text] This year inflation in Portugal will reach 20.75 percent and 20.5 percent in 1984, according to the predictions of PERSPECTIVAS ECONOMICAS, the journal of the OECD in the chapter devoted to our country.

After stressing the difficulty of forecasting the behavior of the Portuguese economy in view of the fact that the new government has not yet defined its economic policy, at the time when the document was on the point of being prepared, the OECD nonetheless predicts that the increase in domestic goods and services will drop back to 2 percent this year and to 1.75 percent in 1984.

These forecasts are lower than what is predicted for the total group of the OECD countries in which the increase in domestic goods and services is to go up to 3.5 percent during the second quarter of this year and to between 3 and 3.5 percent in 1984.

According to the OECD, the volume of Portuguese exports is due to increase by 4 to 5 percent in 1984 and, at the outset, imports are due to advance more slowly.

However, the drought that occurred at the beginning of this year will stimulate imports of energy and foodstuffs and therefore the behavior of the trade balance is due to remain stable.

The increase in the gross national product should remain at 1.75 percent this year and at 1.5 percent in 1984. This means that, although the increase foreseen for this year is higher than that expected to appear in the case of the other OECD countries of Europe for the year 1984, this increase will be virtually the same throughout Europe.

Finally, the OECD predicts that the Portuguese trade balance will show a high deficit on the order of 3.5 billions of dollars per year for the next 18 months, mainly because of the significant increase in payments on the foreign debt.

8089

CSO: 3542/175

## GONZALEZ, BOYER ON WAGES, JOBS, STATE OF THE ECONOMY

Madrid DIARIO 16 in Spanish 16 Jul 83 p 13

[Text] The president of the government, Felipe Gonzalez, said yesterday, with other words, that we Spaniards must earn less if we want to emerge from the crisis. Specifically, he said that wages will have to go up half a point below inflation, which will be beneficial for the creation of jobs. The economy minister, Miguel Boyer, stated that there must be growth of between 2.5 and 3.5 percent so that 500,000 to 800,000 jobs may be created.

At this press conference new data were offered and with great significance for the economic life of the country as announced by Miguel Boyer to the effect that growth in liquid cash assets for the third quarter of the year will be 9 percent, that the growth of our economy in the first half was 1.7 and that the rate of unemployment remains at 17.5, the same as it was in December.

About exports he affirmed that they increased in the first 6 months about 3 percent when forecasts were for around 5 percent "although we expect that in the second six months our exports will recover significantly." About inflation he stated that targets forecast have been fully achieved and that at present it is at 11.7 percent, which means that in the first 5 months of the year it came down about 2.2 percent in comparison with the same period in 1982.

Felipe Gonzalez had very harsh words for the opposition whom he accused of having a posture of non-constructive criticism. "They must understand that only with constructive criticism will we be able to come out more easily from the crisis inasmuch as this government is going to govern for 4 years, and Spain cannot allow itself misrule during that time."

#### Objectives

Felipe Gonzalez began by making a long statement in which he recalled that during the election campaign the warning had already been made that overcoming the crisis was the number-one problem for Spain and that it was, therefore, the prime objective and for that reason a very great effort by the whole society is needed. Today data fully bear out these words, since we have seen that the crisis is much deeper than we had thought." He said that

in Spanish society a series of cheating practices has been detected such as, for example, in some provinces more subsidies are being paid for temporary labor disability than for unemployment. He warned against the great danger of the lack of solidarity and corporativism which exist within Spanish society and reaffirmed the need to moralize labor relations, beginning with the public administration, "because its reform in depth is so important. I know that when I say this I will be accused of preaching, but it is essential that we have full awareness of the seriousness of the crisis so as to get out of it more easily and that any other way is going to be difficult." He repeated that our recovery depends on domestic and foreign factors. "We can do nothing about the foreign factors, but domestically we must adopt measures which we are capable of applying so as to be in better circumstances when the recovery of the Western economy occurs. Things will therefore have to be done with severity and toughness. Governments, whatever their ideology may be, are divided into those whose primary concern is to have doubts and those which seek to do things, which at times turn out well and are, in reality, the ones which last."

Despite the toughness of his words, the president of the government sent a message of hope: "Spain has the human capability to overcome the crisis."

He referred to foreseeable scenarios for 1983 to 1986 which will be the ones the general state budgets will manage shortly to work out "and whose amount we are not going to put forward now until they are in better shape." He said that in the meeting which they held with the Socialist Party executive committee, people had come in to analyze the fundamental problems of Spanish society, make a diagnosis of them and present proposals for getting out of them. At the meeting the theme of reconversion and industrialization was analyzed in depth to such an extent that the party adopted it as a whole: "We have observed that there are logical differences since for the government the basic objective is not to last a long time but to do things, for the party the basic thing is to remain reasonably long. For that reason there have been concerns over the cost and political attrition which these measures are going to come to.

#### Diagnosis

He said that the working method was to make a forecast of what might happen if things did not improve, and on those results needed reforms are undertaken to make corrections and avoid catastrophes. "As we know that we do not have the solution nor all the answers, we worked out a proposal which we discussed with others in politics and with political forces to see whether they have any better alternatives. This method is valid for the reform of social security, flexibility on the labor market, reform of agriculture, public enterprise and the administration." These six major problems will be accompanied by a series of plans and decrees which support the 4-year plan including the 4-year food plan, reform of the financial system, the national energy plan, etc.

The minister of economy and finance, Miguel Boyer, took the floor to explain the diagnosis of the Spanish economic crisis and why it has been more serious



than the one suffered by the countries in the OCDE: These reasons for a belated energetic readjustment, for a pay raise above industrialized countries, maintenance of a structural public deficit which has tried to effect a solution by printing bills and not by effecting savings, which has produced a heavy increase in inflation, has lacked an adjustment between supply and demand on farm products. Lastly, Spanish political transition has given priority to things political, not wishing to make tough readjustments in things economic so as to avoid traumas, so a series of sectors has been protected and has produced inefficiency in the whole system and explains why in the last 10 years 800,000 industrial jobs have been lost while in other countries the figures have been much lower."

Miguel Boyer said that the Spanish political situation at the present time is not unsatisfactory nor is it what we might have liked, "but in any case it does not justify any kind of doomsaying as some are doing. So the growth forecast was 2 percent and in the first half-year made it to 1.7 percent. Unemployment has stabilized, inflation has given good results, and it is not true that I have pursued a cast iron monetary policy since we had forecast that liquid assets would hold at between approximately 11 and 15 percent, and in the first 5 months they reached 14 percent, which means excess financing. This is the reason we decided in the third quarter to reduce these assets to 9 percent."

"The forecasts of the OCDE countries is for a growth of between 2.3 and 3 percent. This is an improvement over previous growth, and we must take advantage of it through our exports which is a key point in our economic recovery. We must therefore exercise a policy of salary moderation as UGT announced at its last congress, by practicing solidarity between workers who have employment and those who do not. Finally, the greater our capacity for reform, the greater our capacity for growth."

#### Interlocutors

Questioned about the degree of acceptance of the tough measures advocated by the government within the Socialist Party itself, the president stated, "Within the party things are much easier and it is not going to be difficult for them to accept it. For the unions these measures mean very weighty problems which can be resolved and with courage and morality. It must first be remembered that we ask them to accept the reduction in their buying power and then we promise them that jobs will be created when experience shows us that many of these promises have not been kept. I understand these problems and believe that they are within reasonable limits. Meetings held with them to date have been enlightening. I do not hide the difficulties which exist nor do I deny that the government would like to implement this policy jointly, but if it finds itself alone, it will also push forward. Flexibility in the labor market concerns the unions at a time when they are arguing that in Europe more flexibility exists, but they have other compensations which do not obtain in Spain. When entrepreneurs complain of excessive interventionism, we always answer that if entrepreneurs are those who ask the government to intercede with public funds, afterwards they cannot call us interventionists. They complain of fiscal pressure, but it is a lie that it is exorbitant since it is below all the other countries of Europe."

## Unemployment grows

The number of unemployed in Spain rose to 2,268,900 individuals at the end of May, which involves 17.49 percent of the total active population, according to the balance sheet of results from the survey of the active population undertaken by the National Institute of Statistics, assisted by the Ministry of Economy. These figures show an increase of 38,200 unemployed compared to the previous month. The evolution in the number of unemployed in the first 5 months of the year is: in January there were 2,304,300 unemployed; in February 2,325,300; in March 2,311,700; in April 2,230,700; and in May 2,268,900. Which indicates that in January 17.51 of the active population was unemployed; in February 17.94; in March 17.71; in April 17.08; and in May 17.49.

9436

CSO: 3548/470

## UGT LEADER ENDORSES SALARY INCREASE BELOW INFLATION RATE

Madrid DIARIO 16 in Spanish 19 Jul 83 p 13

[Article by Jose A. Sanchez;]

[Text] Madrid--The General Union of Workers (UGT) accepts the challenge. Felipe Gonzalez , in recent statements, asked that wage increases be kept below the projected rate of inflation. And yesterday the secretary general of the Socialist union consented, but in exchange for a shorter work week.

Nicolas Redondo , flanked by Jose Maria Zufiaur, Miguel Angel Ordonez and Jose Luis Corcuera , explained for half an hour the strategic statement issued by his union with regard to the announced 4-year plan.

In the moderate tone that the secretary of the UGT has been using since the Spanish Socialist Workers Party (PSOE) came to power, he explained his organization's plan of action. He called upon the Workers Commissions (CCOO) to establish a common policy of solidarity, and responded indirectly to Felipe Gonzalez' statements.

The shorter work week is one of the key bargaining chips the UGT will put on the table when it comes time to discuss social compromise plans, which this union advocates unyieldingly. In other words, lower wages in exchange for fewer work hours.

Another clear objective of the UGT, according to its secretary general, is a 38-hour work week within the next 2 years. This will undoubtedly give businessmen a lot to talk about. But before presenting the specific points of the 4-year plan, Nicolas Redondo tried to make very clear something that could be interpreted as a threat.

The staff of this large union feels that the workers, through their representative organizations, should have a say in the government plans, since they basically demand sacrifices on the part of the workers.

" Neither the Socialist Government nor any other is capable of bringing the country out of the crisis by itself. We workers should take part in the macroeconomic agreements, " stated Redondo.

The call for a policy of solidarity among all social sectors to combat unemployment and create new jobs, and the protection of the weakest sectors of society, are the two most important messages the Socialist union wants to convey to Spaniards.

These two aspects, according to the document the UGT sent to the government, will prevent " the progressive slide toward a polarization in society between those who have jobs, wages and social rights, and those who do not have them, who live in a constant state of precariousness, defenselessness, deprivation and even poverty, thus establishing a new concept of poverty in an industrial and developed society ."

As for wages, the UGT policy is oriented, as set forth in its last congress, toward the full-scale defense of buying power, " which involves a broader definition of the concept of buying power than that linked to the rise in prices, introducing other concepts such as taxes, family allotments, wage levels and the structuring of wages ."

The UGT advocates a better distribution of employment, and in that context proposes the reduction of the current work week to 38 hours over the next 2 years. In connection with this proposal, the UGT text stresses the vital importance of establishing a fund for creating employment through a special tax or through a contribution by labor, management and the state.

Nicolas Redondo asserted that they agree with the need to undertake a profound reform of the Social Security system, to " rationalize this service and prevent waste ."

At the same time, they give high priority to modifying the Basic Employment Act, calling for an increase in unemployment coverage, which is now 30 percent, to 40 percent in 1984 and 70 percent in 1986, "for which stronger controls against fraud and a higher state contribution are necessary ."

8926

CSO: 3548/475

## REPORT DETAILS ECONOMIC ADJUSTMENT, COURSE OF RECOVERY

Madrid YA in Spanish 20 Jul 83 p 19

[Text] Flexibility is urgently needed throughout the economic system--not just in terms of payrolls--if we are to approach economic recovery, states the annual economic report put out by the Bank of Bilbao, which was released in Barcelona by Bank of Bilbao President Sanchez Asiain, Council Delegate Ibarra, and Mr Lerena, chief of the study service. This flexibility in the system could generate the confidence that the business sector now lacks.

According to this report, the adjustments must include the productive system, with the incorporation of new technologies (Spain needs to renovate its capital equipment, which is obsolete, according to Sanchez Asiain), as well as employment and society in general. The fiscal scene must also be clarified. "And for this purpose we need an effort to achieve compromises," states the report, "a much broader and more difficult effort than that which has been made in the policy of traditional income."

As for employment, the president of the Bank of Bilbao pointed out that today many thousands of businessmen, merchants and professionals (in small businesses, in commerce, in clinics and dentists' offices, in bars, etc.) would be willing to hire one or more people if there were facilities, if hiring a person "did not mean marrying them for life."

The "compromise" policy, according to Mr Sanchez Asiain, is what the government is carrying out now in its effort to bring the theme of economic recovery to all social and political sectors such as labor unions, businessmen and political parties. When asked if new Moncloa Pacts will emerge from these meetings, he stated that he does not know if they would be pacts, but a program acceptable to everyone must be designed.

As for interest rates, the leaders of the Bank of Bilbao agreed that they will remain high, and that the economic adjustment should take this factor into account, as is happening in the United States.

In addition, to head off unemployment, the growth rate must exceed 2.5 percent, a figure which is considered to be the key to changing the direction of the employment curve.

After a careful analysis of the principal problems affecting the Spanish and international economies, the report also predicts the results of the Spanish economy by the end of 1983. It foresees a growth in the GDP at wholesale prices similar to that of 1982, with a variation of 12.5 percent in implied prices. The best information available as of July, however, gives the impression that the growth in the GDP in 1982 was higher than the official provisional figure provided, and may have been about 1.5 percent. Thus, the 1983 growth could be around the same order of magnitude.

### Foreign Debt

Our economy is stimulated by consumer demand, maintained by the growth in wages and accompanied by a satisfactory development of prices. Investment demand and exports are very weak. With this GDP growth rate, prospects for employment in 1983 cannot be good. This year, and only if some 150,000 pesetas is pumped into the workforce, unemployment may reach 18 percent by the end of the year, according to the survey of the workforce.

The prediction for the macroeconomic picture limits the foreign deficit of the balance of goods and services to 140.8 billion pesetas. On the other hand, the interest on the foreign debt will decline in 1983 as a result of the drop in interest rates, which logically, although to a lesser extent, will also affect Spanish loans abroad, with a balance of external revenues of some 220 billion pesetas. All this would lead to a current deficit in the balance of payments of between \$2.5 billion and \$3 billion, a deficit which should not cause any particular financing problems. In view of the recently revealed figures on our foreign accounts, however, it will be difficult to make these predictions come true, especially because of the growth of imports.

The report, written in late April 1983, concludes that this year the tone will be similar to that of 1982, and adjustment efforts will be left until 1984 or 1985. In fact, the wage and fiscal policies have kept a tolerant attitude in 1983, which was undoubtedly influenced decisively by major political factors.

Although monetary policy has become stricter, this hardening in itself cannot make up for the weakness of the other instruments of economic policy, and furthermore, could make the negative effects of monetary policy prevail over its undoubtedly positive aspects. In terms of their impact on the foreign sector, our higher inflation and loss of competitiveness are weakening our export response and raising our imports. Monetary policy has no solution for this basic imbalance either, so other actions are urgently needed.

### Slow Recovery

The economic recovery will therefore be slow, with moderate economic growth rates, high interest rates that are positive in real terms, and small growth in wage and non-wage income.

The unemployment issue, for this reason, will remain foremost among the concerns of economic policy. It is within these strict limitations, then, that the invigorating effect of the international economic recovery must be viewed.

Nonetheless, there is no doubt that the changing trend that has been seen in the world economy provides hope after 10 years of crisis.

## BCA-CAJAS RURALES ACCORD TO BOOST AGRARIAN CREDIT

Madrid ABC in Spanish 20 Jul 83 p 53

[Text] The Agricultural Credit Bank (BCA) and 70 Cajas Rurales yesterday signed a partnership agreement to form a group to improve the channeling of financing to farmers, rural cooperatives, the agro-food industry and the rural population in general. This pact will provide farmers with a series of financial services throughout Spain, and will increase the flow of the needed funds.

Minister of Economics and Finance Miguel Boyer presided over the signing ceremony, accompanied by Agriculture Minister Carlos Romero, Labor Minister Joaquin Almunia, and Bank of Spain Governor Jose Ramon Alvarez Rendueles. The pact was signed by the president of the BCA, Jose Barea, and the presidents of the 70 Cajas Rurales.

The Agricultural Credit Bank will channel through the Cajas Rurales the resources that come from official credit and from subsidized lines of credit agreed upon with the Ministry of Agriculture, Fishing and Food. The funds will come from the General State Budgets, and the amount channeled through the Cajas shall not exceed their demand. The Cajas Rurales shall form a liquidity fund in the amount of 2.50 percent of the liabilities computable for the purposes of the cash ratio, and shall deposit such money in the Agricultural Credit Bank. A reserve fund shall also be created as a contingency for insolvency risks. A minimum of 25 percent of the Cajas Rurales' treasuries shall also be deposited in the BCA, computed weekly, although the funds allocated to the minimum cash ratio and the balances of one Caja deposited in another Caja shall not be counted as part of the treasuries (in the latter case, the funds shall be counted in the other Caja's treasury).

The Bank's funds shall be used in the following ways: creation of two lines of liquidity, one automatic and the other conditional; loans to the Cajas to meet their liquidity needs in case their requests exceed the established limit; loans through the Cajas to entities, farmers, ranchers or physical or juridical persons within the rural sector; and "any other purpose that ensures adequate profits on the remaining funds."

## 650 Billion in Deposits

The 70 Cajas that have signed the agreement represent three-quarters of the funds of this collective. According to the finance minister, it is expected that by August the representatives of the Cajas of Valencia and Asturias, and some other provinces, will have signed the agreement. They have not been able to do so yet because they need authorization from their government agencies.

Then 90 percent of the total deposits will be included.

Of the 129 Cajas Rurales, 49 are provincial, the rest being at the district or local levels. Their deposits add up to about 464 billion pesetas, which together with the contribution of the BCA totals some 650 billion pesetas in reserves that the associated group will have at its disposal. In addition, 2,800 bank offices (9.4 percent of the total) will be available, and well over a half a million members of the Cajas Rurales, including more than 7,000 rural cooperatives, will also participate. The Agricultural Credit Bank currently has some 40 billion pesetas distributed among the Cajas, a sum greater than its own resources.

After the agreement was signed, Minister of Economics and Finance Miguel Boyer said a few words, stressing the importance of the partnership group. He indicated that the agrarian sector accounts for 6 percent of the gross domestic product, and receives approximately the same proportion of the bank credit extended to the private sector. More than half of that credit is provided by the entities that began their partnership yesterday.

He also emphasized the importance of the cooperative system, which now handles more than half of agricultural production. "The agro-food industry," he concluded, "is one of the most promising sectors, because it is based on a magnificent agrarian foundation with major comparative advantages. This industry should be given a strong boost for its development, because the agrarian sector itself depends on it."

8926

CSO: 3548/475



## GUESTWORKER TURKISH IDENTITY KEY TO FUTURE NATIONAL INDUSTRY

Istanbul DUNYA in Turkish 22 Jul 83 p 1

[Text] The standpoint from which we look at the problem of guest workers in Germany has not gained one bit of "rationality." We keep lurching between a deep emotionality and a crude "economism." We justifiably complain about the bad treatment the "merciless" Germans see fit to inflict on our workers, their families and consequently our nation. All the same, we are able to sit at the table with the same Germans who are inclined to convert the return to their country of these brothers of ours into a bargaining point.

There is no doubt that no one in Turkey thinks of behaving like a "slave trader" towards those people who left their own land. However, the attitude of "I will give so many marks if you take them back" hurts the citizens of a state founded on respect for human beings. It is true that we are in the midst of economic difficulties. But it should be possible to explain to the Germans that "a ransom" per worker cannot be paid.

Those solutions are neither humane nor economic. Turkey, while rightfully dreading the sudden definite return of so many people, is striving at the same time to prevent these masses from merging with the German population. Teachers, religious leaders, books, Koran courses and similar help ensure the continuation as a separate people of our fellow citizens whose return we do not wish. No people, especially such "xenophobic, inimical to aliens" people such as the Germans can view this sort of thing favorably. If we do not want our fellow citizens to "drift away", we are in a position to educate them in their own country and marry them to their own kind.

Naturally, the Germans are not hindered by any "human" considerations when scattering families, separating them from their mates and from their children, just as they had no feelings of justice for the people who bore the heaviest weight of their recovery, carried the heaviest burden of their recession. Be that as it may, we have no way of teaching "humanity" to the Germans.

What is left are the "economic measures." Worker bargaining does not appear to be a meaningful measure. If for every returning worker you get not 10,500 but 50,000 DM, against the return of 100,000 workers you will ensure a transfer of 500 million DM, or the equivalent of \$200,000,000. Besides, since there are no mechanisms for collecting those funds over a long-term period and from thousands of people, so as to channel them into a satisfactory investment (and our experiments concerning worker investments are still before our eyes) those \$200,000,000

will also be exhausted in the worst possible manner and will constitute a source of wealth for a few wise guys. At this point \$200,000,000 are a fraction of Turkey's daily procedures.

Let us not fall into the trap of bargaining with the Germans. This is a dead-end. As regards potential, Turkey is a far wealthier, far more productive nation than Germany. And our own people are our greatest wealth. Zimmerman says that the problem of unemployment in Germany will be solved by the year 2,000. He says that "the increase in population has stopped in 1980." Which goes to say that when there will be no more young Germans, there will be no unemployed Germans. In fact, the increase in the German population had stopped earlier and, had it not been for aliens, there was a definite decrease. Let us leave Germany to become, in the year 2,000, a "nation of wealthy old people" unable even to eat ice-cream. At that stage, like Dr. Faust, they might see the "great truth": that, because of national causes, the Germans are disappearing from the face of the earth...

If it is not their wish, why should it be our problem to perpetuate their survival? Our problem is to develop Turkey, to give to our fellow citizens jobs and security. If our own potential is properly planned, it can elevate Turkey to the level of an important industrial power. That is where the solution lies. At that point we can comfortably find jobs for each one of our compatriots who wishes to return, for Europeans who wish to work in Turkey and even for aged Germans, if they have any strength left...

12278

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## ULUSU, ERCAN ON SUPPORT FOR PRIVATE SECTOR

Istanbul TERCUMAN in Turkish 22 Jul 83 p 1,10

[Passages enclosed in slantlines printed in boldface]

[Text] The Prime Minister laid the foundations of the truck factory which will be built jointly by MAN and the Ercan Holding, near the Esenboga airport, by tossing "Republic gold coins." The ministers who participated in the foundation laying ceremony also tossed 6 Republic gold coins into the foundations.

In the speech he gave at the foundation laying ceremony Uluşu said /"In the industrialization of our Turkey, there is a need for the enterprising strength, the desire and enthusiasm for business, the determination and steadfastness to work of the private sector."/ Uluşu, who called attention to the fact that industry is the dynamic sector in a nation's development, also pointed out the private sector's great importance for industrialization and he said the following:

/"We are determined to extend every kind of help, in order to benefit from every form of the domestic and foreign private sector, particularly of the possibilities offered by foreign capital. We believe in the existence of a large group of enterprising businessmen who are experienced, courageous, resolute, imaginative and aware of the latest technological developments. They have shown their capabilities in every field. And we are convinced that foreign capital also is aware of every aspect of Turkey's place in the Middle East. We believe that in the future foreign capital will come to Turkey at an even faster pace."

Tevfik Ercan's Talk

Chairman of the Board of the Ercan Holding, Tevfik Ercan, also said that he had been cooperating for 17 years with MAN, one of the most famous firms of the automotive industry in the world, that the plant, the foundations of which were being laid, would be completed at an approximate cost of 9.5 billion Turkish Liras and that it would create employment opportunities for 1,500 people directly, and for 10,000 people indirectly.

Ercan disclosed that the units would manufacture 6,000 heavy trucks and tractors annually, that in this way there would be no need for Turkey to import machinery anymore, and he noted that foreign currency would be secured besides. Ercan also said that in the 5-ton load capacity all kinds of military equipment would be produced as well by this plant.

## Bureaucracy An Obstacle

Tevfik Ercan stated that the private sector was faced with various problems and said the following:

/"We believe that to make a continuation of the private sector's endeavors and its contributions to the national economy possible, bureaucratic obstacles which have negative repercussions and are implemented at the investment stage and at the stages following investment, particularly concerning foreign investments, should be removed. Furthermore, we also think that it would be advantageous to guarantee immediately exchange rates, which affect financing to a great extent, slow down investments and are a heavy financial burden to firms, even after investments are completed, and also that interest rates on medium term investment credits should be lowered."/

## Characteristics of The Installation

Meanwhile the installation, the foundations of which were just laid, will occupy a 300,000 square meter zone and will have a 40,000 square meter covered area, and it will begin production in October 1984. The plant will manufacture an average of 6,000 heavy trucks and tractors annually. The enterprise will function with 33.34% capital shares from the West German MAN firm and 65% shares from the Ercan Holding.

## Ulusu Went to Bursa

After laying the cornerstone of the factory, Prime Minister Bulend Ulusu was received by the President of the Republic, Kenan Evren. After his weekly meeting with Evren to report on the government's work, Ulusu went later to Bursa.

Ulusu will participate in the board meeting of the Tradesmen's Surety Cooperatives Union. Later Ulusu will inaugurate the world's 3rd largest polyester factory which belongs to the Sonmez Holding. Furthermore, Ulusu will lay the foundations of the 1050 residences that will be built by the Akpınar Building Cooperative.

12278

CSO: 3554/380

## 'DUNYA' COMMENTS ON WHOLESALE WORKER RETURN PROBLEM

Istanbul DUNYA in Turkish 9 Jul 83 p 1

[Editorial: "Workers Returning"]

[Text] Prime Minister Bulend Ulusu devoted around 5 percent of his press conference yesterday to the return of Turkish workers employed in West Germany. But counting the words in the text of a press conference like this does not do justice to how important the Prime Minister thinks the matter is. Besides the return of the Turkish workers being important in itself, it also closely involves Turkey's employment problem. As Labor Minister Turhan Esener emphasized during the visit to Turkey by West German Labor Minister Norbert Blum, the repatriation will raise Turkey's unemployment figures, already in excess of 3 million, even further, meaning in a sense the importation of unemployment.

So if we add Prime Minister Ulusu's stress on Turkey's employment problem, we may say that approximately one-tenth of the press conference was devoted to the Turkish workers abroad. It is not just that the Prime Minister devoted a good deal of his press conference to this topic. He also spoke in plain terms of Turkey's attitude toward the West German government's decisions regarding repatriation:

"We hope that our West German friends will not go ahead with measures which are not supported by the Turkish government and that they will take all the administrative and legal measures necessary to protect the rights of the workers who have worked so hard in the process of West German development."

Turhan Esener had expressed Turkey's expectations in similar terms during the visit of West German Labor Minister Blum:

"The contribution of our workers to the economic potential which the West German economy has attained today cannot be ignored and, for this reason, they must not be regarded as a means of production or a reserve labor force to be employed when needed but cast aside when economic difficulties occur. We expect that the federal government would exert some effort for the accommodation of our unemployed compatriots, whose numbers now exceed 120,000, that it would not prohibit those who find jobs on their own from working and that it would take the measures necessary to provide for the social security of those who decide to return voluntarily and prevent them from being condemned to a life of poverty in Turkey."

Despite these Turkish expectations, it appears that West Germany is not going to bend. West Germany is even going to postpone the signing and implementation of the social security agreement that was initialed in Bonn in 1979.

Its approach may be summed up as: "We understand Turkey's problems. But you have to think about us a little, too." The West German minister's comment that "It is your problem to see that the workers returning to Turkey are not out of work" is clear testimony to this.

Turkey, it seems, has to ready itself for the gradual acceleration of mass repatriation and, if this is so, a problem with no solution other than acceleration of growth is suddenly alive and well on the agenda.

8349

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## OFFICIALS GEAR UP FOR FLOOD OF RETURNING WORKERS

Istanbul CUMHURİYET in Turkish 10 Jul 83 pp 1, 11

[Article by Fatih Gullapoglu: "'Great Migration' Alarm Sounds at Kapikule"]

[Text] As it is every year about this time, our Kapikule bordergate is the scene of a flood of workers. But there is an important difference this time. This is our major bordergate and it is now preparing for a "great migration," a "great return." As recent months have seen a big spurt in the transport of household goods and people returning permanently, new buildings are going up and customs officials are writing up reports on the results of their on-site studies for reducing red tape, especially the formalities applying to workers exercising the right to import furniture and belongings.

In our conversations with workers going through customs at Kapikule, we asked, "Why are you using your import rights?" and usually the answers were along the same lines:

-- I am coming home now and very soon, too. So I am bringing everything my permit allows.

-- I am returning for good. I am not going back to that place where we are not wanted.

-- They pick and choose us like animals. They said they would give us a premium of DM10,000 to encourage us to come home. I'm not going to take it, they can get that in their heads. They can have it. I was not unemployed; I had a job. But I also have a country. So I am in my own land and I am not going back again.

-- DM 10,000 is not bad money. I am coming back as soon as they pass the law. Besides, they are supposed to give DM 1,500 for each child!

-- We turn on the television, they're talking about us. We turn on the radio, they're still talking about us. "Turken Raus" posters in the streets are talking about us, too. I can't stand it anymore. I am afraid I'll be run down by a German motorcycle gang. My family, my children's lives and my peace of mind are more important. Enough already.

We talked with dozens on end and the answers we got were all similar. Just last week a bargain was being worked out between Turkish authorities and the West German delegation headed by Labor Minister Norbert Blum. Turkish authorities were sweating to keep our workers from being forced to return, while the Germans were determined that they should, but kept saying they were just asking Turkey for understanding. In fact, when the talks ended, our newspaper rightly described them as "a dialogue of the deaf." Regardless of all the deafness in those talks, though, Kapikule has been listening and knows how heavy a flood it may face with the "return incentive bill" that the West Germans are expected to pass in October practically upon us.

Edirne chief customs officer Nihat Altinoz, walky-talky in hand, is constantly on the go and we are trying to keep up with him, walking, running all over Kapikule, now and then jumping over empty whisky boxes and cigarette cartons or occasionally a dirtily-clad child:

[Question] I didn't think it would be this bad. Everybody is talking about coming back for good soon.

[Answer] Yes, we are aware of this situation and that's why we are hurrying. See, we are putting a new building right next to those entry gates.

[Question] I see. It seems almost finished.

[Answer] That part is our new "transport shed." That is to keep our workers who will be using their import rights or coming home for good with all their possessions soon from having to stand in lines kilometers long.

[Question] What is its capacity?

[Answer] It can handle 300 customs inspections a day for workers moving with all their possessions.

[Question] Will it be adequate for a big influx?

[Answer] I don't think so. If not, we'll set up other areas. We are ready at Kapikule for what you call the "great migration"!

The figures reveal the naked truth, whether pleasant or otherwise. We head for the door marked "Change of Residence Director," an office formed just recently as a part of the preparations. Director Mustafa Koyuncu starts out saying, "We got set up on 1 May," and continues:

"We had 420 workers changing residence in May 1981, and 639 in May 1982. That is, they exercised their import rights. Now this May we had a 300-percent increase with 1,797 workers changing residence.

"Looking at the figures by year, this is what we see: In all of 1981, there were 5,199 workers who changed residence and 9,886 in all of 1982. In the first 6 months of this year, that is, during the period through the end of this past June, a total of 9,780 of our workers have changed residence. We have 6 more months to go."



To resolve on the spot problems that may arise during the thick of the influx at Kapikule between 15 June and 15 July, there is a ministry official with "ministerial powers" appointed by Customs and Monopolies Minister Cafer Tayyar Sadiklar: Recai Erk. Except for short naps of an hour or two at the time, Recai Erk is on the go at Kapikule around the clock. Exercising his "ministerial powers," he resolves on the spot hitches in formalities that could keep a worker waiting for days.

"Look, see those two families' refrigerators and washing machines standing out in front over there? They said they were out in the rain yesterday..." we started out saying, and went on from there:

[Question] They belong to two worker families and these two families are bringing them because they are returning permanently. But according to regulations, appliances of this kind cannot be "new."

[Answer] True, that is the situation according to the regulations.

[Question] But there is no provision in the regulations saying how new or how old these appliances have to be. That is, a home appliance that has been well cared for may be processed as "new" by the inspector on duty at the moment and, even if the worker has the right to bring it, he may have to pay duty on it.

[Answer] Our ministry has complained about this situation, too. This is a serious problem considering the great increase in returnees expected in the days ahead. So our ministry has applied in writing to the Prime Ministry to have the regulations changed dealing with customs exemptions for the seven categories that are specified by government decree and include such appliances as refrigerators and washing machines and to have these meaningless formalities eliminated.

Recai Erk, though a long-time bureaucrat, is courageous enough to say, "Many of the formalities are, in fact, meaningless," and adds:

"I'll be here for a while yet. I have identified the formalities I consider unnecessary. I am preparing a report for my minister. I'll list the formalities I consider unnecessary in this report and request that they be eliminated immediately. I expect, too, what you're calling a great return and I believe it is necessary to lift these formalities which may cause long waits and lines kilometers long."

Kapikule is brightly lit. It is almost 1:00 in the morning. A dark young man comes running up with his passport and, half crying, says in an eastern accent: "They stole 1,000 Dutch guilders from me."

--How did they steal it?

--We were in Bulgaria. It was a yellow BMW. The license number was BA-E-559. Obviously, it was a Turkish worker. He signaled for us to stop. We stopped to help. He said he had to buy oil for his car and the guy at the service station could not make change because he only had big bills. "Okay," I said, "Let me

change it in guilders." I gave him the first 500 for change and had the other one in my hand. He grabbed it, stepped on the gas and took off. I could not catch him in my minibus.

--What is your name?

--Mustafa.

--Last name?

--Yalan.

"Okay," said Recai Erk, "Go to the police and report this right now."

8349

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## SDP, SCHLUTER REACTING TO POLITICAL POLARIZATION OF VOTERS

## Influencing Change in SDP Policies

Copenhagen BERLINGSKE AFTEN in Danish 15-21 Jul 83 pp 1, 12

[Article by Victor Andersen]

[Text] The political picture of Denmark is changing. The voters are flocking to the Social Democrats and the Conservatives--but now the polarization is forcing the Social Democrats toward the center. The two reports below illustrate this development and the reactions of the parties.

In a growing mood of euphoria after having returned to power, the Social Democrats have changed their stand on two central economic issues, with the party having realized the necessity of retaining a fixed exchange rate for the kronen and of making income policy a permanent condition. We have learned that the latter realization will become generally known when the Social Democrats present their eagerly awaited national economic outline next month.

There have been two important decision changes in the inner circle of the Social Democratic power elite in recent months, of which one, policy on the kronen, has already been hinted at to the public, while so far it has been overlooked that the party is also turning itself inside out on the issue of income policy.

Viewed from the outside, the behavior of the Social Democrats otherwise continues to resemble a relaxed walk through the woods. Freed from the burden of power, the party has more or less chosen to say the opposite of what it advocated and voted for in the past with respect to vital foreign policy issues. And with regard to economic policy, the party's former political spokesman, Mogens Camre, was recently in a mood approaching exhilaration. He proposed a kronen devaluation of not less than 15 percent in contrast to the four-party government's policy of keeping the kronen at a stable level.

At that point, however, the present Social Democratic political spokesman, former Finance Minister Knud Heinesen, intervened. He had not cast off the yoke of power to the same extent and supplied himself with a straw hat and a bottle of beer. He indicated that the Social Democrats now support a fixed exchange rate for the kronen too.

But the mood of being on a summer stroll through the woods seems to have lingered, for as soon as plans were made to introduce OD [Economic Democracy] in Palme's Sweden (based on five regional wage-earner funds), OD also became the big watchword among Social Democrats in Denmark. It is much like a group of people on an animated walk in the country who hear a melody floating across to them from a group on the other side of the road and start singing the same song.

#### Social Democrats Change Stance

But it is not all amusement park tours and a vacation from power for Danish Social Democrats this summer and further along in the political almanac.

In the first place, no one seriously believes that the Social Democrats' relaxed foreign policy would continue if the party regained government power. Then they would once more be EC and NATO conformists to some extent.

In the second place, the weekend edition of BERLINGSKE AFTEN has the word of leading Social Democrats that the change in stance that is now occurring in the economic policy sector is here to stay.

Thus we are in the bizarre situation of having a Social Democratic Party that has changed its mind on essential parts of both foreign and domestic policy while it is in the opposition, although centrally placed sources have suggested that we should not read too much into the highly-publicized change of mind on foreign policy, but that we should take the much less heavily-advertised changes in domestic policy at their full value.

Why are the Social Democrats changing their stance on domestic economic policy? And why is this happening now?

The same sources explained to us that a "strong man" in the party--the strongest next to Anker Jorgensen--such as Knud Heinesen expects an election as early as this fall. Few people in the party agree with this expectation of an election so soon. But on the other hand, the unexpected could happen and no one wants to expose himself to a charge of being responsible for the party's being taken by surprise. This would occur if an election were called before the party has formed an opinion on central economic topics on which voters would want to know the party's position in an election campaign.

That is why clarification is coming now on two such vital matters as the exchange rate of the kronen and income policy. The rate of the kronen was

the issue on which Camre made a fool of himself in his mood of holiday relaxation. And when the phrase "income policy" has been mentioned inside the party since last fall, cold shivers have run up and down the backs of many who recalled that leading Social Democrats were no match for SF [Socialist People's Party] man Gert Petersen when during the debate on the four-leaf-clover government's income policy and its elimination of cost-of-living increments and so forth, he asked Svend Auken, Anker Jorgensen and others exactly how they felt about it. It took several days before they came up with an answer they could agree on. Now, however, there has been a clarification that can apply during the next election campaign and beyond.

Heinesen--a Nice Man

With regard to the exchange rate of the kronen, Heinesen knows very well that Denmark is kept under close observation by international speculators. If Camre's devaluation fantasy had been allowed to stand without contradiction, the announcement of the next election would have been the starting signal for a hard speculation drive against the kronen. This would have cost the country foreign currency and it would have cost the Social Democrats votes.

In addition, observers who claim to be familiar with Heinesen's thought processes are absolutely convinced that he has permanently scrapped the old Social Democratic idea (especially favored by Ivar Norgaard) of a permanently devalued kronen in favor of a fixed value for the kronen. The reason is said to be that Heinesen has demonstrated in practice that a fixed kronen can work wonders in the direction of moderating prices and lowering interest rates. In reality, this is a bigger asset for real wages than several contract settlements put together.

At the same time, Heinesen feels that the fixed kronen policy can also go too far, namely if Denmark simply allows the kronen to float upward along with the German mark and the dollar. He has said that we should not show more muscle than we really have when it comes to competitiveness.

These are words that have led many industrialists to nod approvingly and think that Heinesen is a very nice man. For industry may be enthusiastic about the fixed kronen and its effects on prices and interest rates. But they are against a de facto appreciation of the kronen that would reduce the competitiveness of Danish products. That emerged quite clearly from the big questionnaire the Industrial Council just sent around to its members.

Balance Principle

The other economic policy issue on which the Social Democrats took one stand in the past and have now changed their minds about is income policy.

In the past, income policy was something the Social Democrats would go along with if they got something in return. The most important counter demands since the 1970's has been co-ownership rights for workers under a variety of names such as OD (Economic Democracy), profit-sharing and LM (wage earners' co-ownership rights).

This balance scale or something-for-something principle, with OD as a permanent weight on one side of the scale, has turned up time after time when a crisis compromise had to be reached. It was also a contributing factor in the dissolution of the S-V [Social Democratic-Liberal] government in 1979, since the Social Democrats--while sitting alongside the Liberals in brotherly fashion at cabinet meetings--had at the same time held secret talks with LO [Danish Federation of Trade Unions] in which it was agreed to demand OD in return for an income policy.

That December, a Social Democratic government's so-called overall plan went to Folketing for approval. It contained effective proposals for tackling some of the economic problems we are still grappling with. But the Social Democrats also demanded compulsory profit distribution with a central fund and when that was rejected by Folketing, the whole crisis policy was geared down to a less ambitious level.

When the four-party government came in, it proposed--and implemented, with the help of a then cooperative Progressive Party--a fairly firm income policy which is still in effect.

But what will the Social Democrats have to say about this in the next election which--if it comes as Heinesen is anticipating--will contain the possibility that the Social Democrats will have government power in the next contract negotiation period in the spring of 1985?

The Social Democrats know that at that time, unemployment will probably be just as high as it is now, perhaps even higher, because many young people will be joining the labor force before then.

A party committee is putting the finishing touches on a so-called national economic plan. It will be made public next month. We have been told it will admit, first of all, that the public sector cannot grow. Secondly, it will contain the shift or break with former Social Democratic policy involved in an admission that income policy is a permanent necessity, even if nothing concrete is gained in return for it. Without an income policy over a long period of time, Denmark will never get rid of its foreign debt or its enormous unemployment, the committee has realized.

#### Real Background of the Debate

The secretary of the committee is a former economist for the Labor Business Council, currently a member of the Danish League of Journalists, Bent Greve and the members include all the really heavy economic names, such as Knud Heinesen, Svend Auken, Erling Olsen and Mogens Lykketoft.

At the same time, it has been obvious to the committee members that the Social Democrats cannot go to the voters with a simple announcement that there will be a freeze in the public sector and a permanent income policy. Such stands have to be sweetened up. And that is why the OD idea has suddenly been given new life when Social Democratic ministers speak out. What is going on now is an attempt to warm up public opinion prior to the official announcement of the national economic plan.

But there is no connection between the release of the central report in Sweden on wage-earner funds and the new Danish OD debate. The Danish debate is regarded as having started with statements by Svend Auken to the LO newspaper a week before the Swedish report was released.

Later some signals have been sent across the Sound, with Svend Auken and Anker Jorgensen saying that we in Denmark could also consider having regional funds instead of a single central fund. However at the same time, Anker Jorgensen declared--quite honestly--that personally he still favors a central fund.

But the really new thing is that this time the Social Democrats are starting out with the idea that income policy is a necessity, to which OD is being added as a soothing element for party members and the rank and file in LO. This new way of viewing things is radically different from the old Social Democratic way of thinking, in which income policy and OD were indivisibly bound together according to a something-for-something principle. Thus on this occasion the OD demand is not--as one sometimes sees it described--"the usual summertime trial balloon." This time there is a deeper decision change behind it, as we will see when the national economic plan is issued next month.

#### Business Sector Nervous

Of course the Danish Employers' Confederation has to take the OD demand at face value, which is why negotiations director Hans Skov Christensen has tackled it once more and said that the renewed debate could harm the investment spirit that was starting to show up in the business sector. The division into regional funds was not something he felt much enthusiasm for, since he--like Liberal Party market policy spokesman Hans Jorgen Holm--expects them to be administered as a whole from LO headquarters on Rosenorns Alle.

People in industry are also aware that regional funds could be run under orders from the top. In addition, one encounters the feeling in industry that more important than the reiteration of the OD demand is the underlying realization in the Social Democratic Party of the importance of income policy. From this point of view, the nervousness that is certainly prevalent in the business sector and on the stock exchange concerning political events this summer will not necessarily increase in intensity just because Social Democrats are again demanding OD.

## Conservatives Would Gain in Elections Now

Copenhagen BERLINGSKE AFTEN in Danish 15-21 Jul 83 pp 1, 12

[Article by Hans J. Poulsen]

[Text] If we had an election today, two-thirds of all voters would cast their votes for either the Social Democrats or the Conservatives. That is twice the support the two parties had 10 years ago. This polarization of the electorate is a new phenomenon that is connected with the sharp increase in support for the Conservatives since the change in government last year.

The prime minister effect has not been the only factor here, in the view of an experienced expert on elections. It has also been possible to win votes with intellectual policies that oppose the welfare system.

Conservative leaders have no reason to regret that almost a year ago they stood firm on insisting that the prime minister post must be given to them as the largest of the parties in the four-party government. They are now getting overwhelming support in the opinion polls.

The trend indicators are pointing in the same direction: while the Conservatives are storming ahead, the other government parties cannot keep up at all. They are falling back to the rear to such a point that the Liberal leaders, in particular, have begun to feel uneasy about it.

If we had a Folketing election right now, the four parties in the government would get about 10 more seats in all. But in reality, all the gains would go to the more than resurrected Conservative Party. And more than that. They would have around 50 seats in Christiansborg, compared to the current 26.

### Two-Thirds Cluster Around Conservatives and Social Democrats

After a decade in which voters in Denmark have been prone to spread themselves out over as many parties as possible, there is now a trend in the opposite direction. An election today would, as far as one can judge, result in two big parties, the Social Democrats and the Conservatives, winning a total of two-thirds of all the votes cast.

A truly noteworthy shift in relation to the "shifting sands election" 10 years ago when the protest parties were victorious, while the two now dominant parties won only a third of the votes cast.



In politics--and in a government coalition, where reciprocity and unswerving loyalty are the code words--you do not always get your just deserts. The Liberals, Center-Democrats and Christian Party people in the new and untried constellation undoubtedly knew that a prime minister effect is a very weighty factor. The Radical Liberals profited from this in Hilmar Baunsgaard's day, the Liberals in Poul Hartling's and--let us not forget--the Social Democrats in Anker Jorgensen's.

But the extent and duration of the effect have upset the coalition people working with Schluter. If the voters decided to reward the new nonsocialist government for its initiatives and firmness of action, they were probably counting on getting their share of the laurels. To wear themselves out as support parties for a government headed by the Conservatives was certainly not what they had in mind, since everybody has to join forces on doing the heavy work.

#### Polarization of the Electorate

When two-thirds of the population today are clustered around two big political parties--just as in Norway and Sweden, a socialist and a conservative party, with a total of 67-70 percent of the votes--is it a lasting polarization of the electorate that we are seeing? A tendency pointing toward a two-party system in which two opposite, completely dominant parties take turns running the government?

One of our experts on voter behavior, Professor Ole Borre of the Institute of Political Science at Aarhus University, made this assessment for us: "As far as I can see, the polarization is a front position between left and right on the V-H [left-right] scale. The Conservatives have captured the right-wing orientation with considerable success. But we cannot take it for granted that the Conservatives will go on receiving the support now assigned to them in the Gallup and other opinion polls indefinitely. One must recall that there are many marginal voters among the nonsocialists. They do not feel nearly as obligated by party loyalty as the Social Democrats.

#### Votes to Be Won in Policies Based on Ideas

"We have moved from a class-dominated party system to a more ideologically-based party system," Ole Borre went on. "Parties must now find a fixed ideological point for themselves. They have started to launch ideas--more or less contrary to the interests of the voters, but they are gaining ground anyway.

"We have also seen how hard it has been for nonsocialist newspaper editors to seriously oppose a TV channel financed by advertising, even though this could lead to economic losses for their papers. But on the basis of ideology, they recognize the need for introducing such a system."

Ole Borre does not think that the present Conservative surge can be ascribed exclusively to the extremely favorable effect of manning the prime minister's post.

The party has also captured the newly-aroused interest in policies based on ideas and it has made this interest popular, thus acquiring voter support. Look at the whole debate on privatization. In the past it was not nice to oppose the systems of the welfare state. Now, as in the past, they are willing to take the lead in dismantling it. In other words, votes can be won from pursuing ideological policies. But the Conservatives have no monopoly on that form of political activity.

#### Toward a Danish Two-Party System

The future possibilities of a two-party system in Denmark have been brought up by former Housing Minister Erling Olsen (Social Democrat). Referring to this month's Gallup poll, he appealed for cooperation across the middle. But he has not been backed up by his party's political spokesman, former Finance Minister Knud Heinesen. Heinesen regards the Conservatives and the Social Democrats as adversaries on economic policy and he noted that the Conservatives themselves have stressed their role as an alternative to the Social Democrats, one that was capable of leading the government.

Professor Borre does not believe in the viability of a decidedly two-party system in Denmark. "There is a lot of tradition for coalition governments with support parties and an election system in which seats are calculated on the basis of proportional representation is unsuitable for a two-party system," he concluded.

#### Vicious Election Circle and the Signal from the Voters

Today, voter signals to the government seem clear enough: "Stay in office," is the watchword among a mixed chorus of both supporters and opponents. There are some indications that the people are weary of elections. With regular irregularity, there has been an election in Denmark every other year since 1971. It is now up to Poul Schluter whether this "vicious circle" can be broken.

A few days after Folketing was sent home in early June, Kasper Vilstrup of the POLITIKEN Institute looked into whether the average person felt the government should call an election or step down.

Some 61 percent of the 702 people asked thought the government should remain in office and extend itself as much as possible to avoid an election. It was especially interesting that 57 percent of the Social Democrats asked shared that opinion. Among the four-leaf-clover party voters, 71 percent said the government should remain in office, 11 percent said an election should be called and 22 percent were not sure.

The most noteworthy shifts in the opinion polls since the election in December 1981 have occurred internally in the group of nonsocialist parties. There has been little change in the balance between the right and left sides of Folketing.

The government achieved a peak of voter favor when a Gallup poll in March showed it to be the most popular government since the end of World War II. But though government support as a whole would lead to gains if an election were held now, this signal from the voters conceals the paradox that the voters are as satisfied as they are precisely because an election is not being called "prematurely."

To put it in different words: a decision to call an election could be self-destructive.

#### Schluter's Summer Balance Sheet

Prime Minister Poul Schluter will be presenting the summer balance sheet at a press conference today. He is not expected to set off any election bombshells or make any election threats. There has been talk of summoning Folketing to an extra summer session, but this has not yet been announced definitely. Much will depend on the outcome of the political talks between the government and the Radical Liberals and Progressives. These are expected to resume in August and will concern the 1984 budget bill, including the unresolved problems concerning municipal block grants and agriculture. The government regards the entire complex matter as a whole but will not draw conclusions. This phase could be reached around the middle of September. The government seems to be putting some emphasis on giving the Progressive Party a period of time in which to reconsider.

If an election should be called early this fall, it will not be due to a single issue. It would seem too cheap to call an election on the basis of the promised temporary tax relief alone. It could be a broad gesture including security policy and domestic policy. The 1984 budget with "budget improvements" of close to 12 billion kroner is an essential element, but it is also a factor that the government feels it cannot well afford more humiliations in connection with the NATO policy it wants to pursue.

#### Conservatives, Liberals and Social Democrats

When the time comes to hold an election, the chairman of the Conservative group, Knud Ostergaard, has said it must be done in the context of an announcement by the four-leaf-clover parties that they intend to continue working together after the election on the economic clean-up.

Of the Conservative boost in the opinion polls at the cost of the other three parties, Knud Ostergaard said:

"It leads me time after time to stress to my group the need for an extra measure of self-discipline and--in relation to our cooperating partners--the need for special loyalty."

Knud Ostergaard does not believe in a Social Democratic-Conservative government coalition and he referred to the fact that the Social Democrats have already rejected a Conservative offer of a national coalition government.

There has been sharp focus in the political debate on the fact that at the moment the Liberals have only 8-9 percent of the votes. Folketing group chairman Ivar Hansen made this comment:

"It both disturbs and annoys us. But it does not lead us to question the justification for government cooperation. We are helping to accomplish a task of supreme social importance. As things stand now, we must take it in good spirit if we register Gallup losses once in a while. If the government can accomplish more concrete results, its parties will probably also be judged on that basis."

Ivar Hansen had this comment to make on the summer discussion of a Social Democratic-Conservative government: "I do not believe that. We have fresh recollections of an attempt to cross political positions (the Social Democratic-Liberal government in 1978-79, Ed.). And to be quite honest, that attempt did not work out very well."

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## CHARGE THAT SDP GAVE FUNDS TO SIUMUT PARTY CAUSES FUROR

Copenhagen AKTUELT in Danish 21 Jul 83 p 7

[Article by Bjarne Kjaer]

[Text] Both Social Democratic party secretary Ejner Hovgaard Christiansen and the party's political chairman Knud Heinesen have denied that the Social Democrats contributed money to the campaign fund of Siumut [moderate leftist party favoring greater local autonomy] which now is in the Greenlandic government.

Greenlandic member of parliament Otto Steenholdt, who is a member of the Social Democratic parliamentary group, now has threatened to leave the Social Democratic group because the Social Democrats gave 50,000 kroner to his political opponents, the Siumut Party. Steenholdt is a member of the Greenlandic Atassut Party [Centerist Party favoring close ties to Denmark] which opposes Siumut.

Otto Steenholdt believes he has been deceived and mistreated by the Social Democrats and wants an explanation as to why the Social Democrats have given his political opponents 50,000 kroner.

## Will Terminate Cooperation?

"The Social Democrats cannot treat me and my party this way," Steenholdt told BERLINGSKE TIDENDE. He also doubts that there is reason for continued cooperation with the Social Democrats, but first he wants to discuss the matter with the Atassut leadership. Only then will he decide whether or not he will terminate his cooperation with the Social Democrats.

Party secretary Ejner Hovgaard Christiansen (Social Democrat) said he could not understand Steenholdt's position. He said the Social Democrats had given no support to Siumut.

The Social Democratic party chairman, former finance minister Knud Heinesen, also denied Otto Steenholdt's assertion: "Our party has given no support to Siumut," he said.

## Money From LO

Steenholdt admitted that the Social Democratic Party had not given direct support to Siumut, but that LO (Federation of Trade Unions) gave his opponents 50,000 kroner in connection with parliamentary elections last year.

"I was not told that LO was going to give this money to Siumut," he told RITZAUS BUREAU. "This money could not have been donated without the approval of the Social Democrats. This is no way to cooperate."

Steenholdt first wants to try to obtain a firmer pact with the Social Democrats. But if he leaves the Social Democratic parliamentary group and decides to support the nonsocialist government in the vote to cut back local block grants at the extra session of parliament on 9 September, the government will have a better chance of surviving.

The other Greenlandic member of parliament, Preben Lange of Siumut, previously threatened to vote against the government's proposed cutbacks, which would reduce allocations to Greenlandic municipalities by 95 million kroner.

Just before the dramatic conclusion of the last parliamentary session in June, the two Greenlandic members of parliament decided not to participate in the Danish political settlement and abstained from voting on the resolution that almost brought down the government.

## Negotiations With Schluter

Amid the tense political drama at Christiansborg during the closing debate, the two Greenlandic members of parliament Otto Steenholdt and Preben Lange were hastily called for confidential negotiations with Prime Minister Poul Schluter at the Prime Minister's Department.

Here the government tried to make sure that the two Greenlandic members of parliament would not help bring down the government. The head of the Greenlandic government, Jonathan Motzfeldt, who was at a private luncheon, also was called in to the Prime Minister's Department.

After the hour-long discussions at the Prime Minister's Department, however, all parties involved denied that the government had tried to make a political deal with the two Greenlandic members of parliament.

## SDP and SF Concern

The private negotiations at the Prime Minister's Department with the two Greenlandic members of parliament were a source of internal concern for both the Social Democratic and SF (Socialist People's Party) parliamentary groups, who were given no details concerning the negotiations of the two MP's with the prime minister. Members of the groups said it was unfortunate that they were given no details on the confidential negotiations between the two

Greenlandic members of parliament and the prime minister.

Steenholdt has been a member of the Social Democratic parliamentary group since he was elected to parliament in February 1977. Among other things, he holds a Social Democratic seat at the Nordic Council as a member of the Danish delegation, is a member of the Greenlandic Affairs Committee in parliament, and is a member of the Agriculture and Fishing Committee.

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## FOREIGN SERVICE OFFICER EXAMINES BLOC POLICIES, PROBLEMS

Paris POLITIQUE INTERNATIONALE in French Summer 83 pp 179-191

[Article by Jacques Laureau; second then first secretary at the French embassy in Moscow (1973-1974); first secretary then second advisor in Bonn (1976-1977); second advisor in Washington (1977-1979); deputy director for pacts and strategic affairs at the Ministry of Foreign Affairs (1979-1982). International affairs advisor to Louis Lesne, chairman of the Fougere Company : "The Legitimacy Crisis of the Two Superpowers"]

[Text] Two themes that 18 months ago were still fashionable in seminars, political speeches, and international conferences have sort of evaporated: the theme of the inevitable multipolarization of the world and the concomitant one of the dialogue between the industrialized countries and the developing countries that is destined to promote the difficult birth of a new international order. Our purpose is not to describe at length the entirely circumstantial causes of this change in fashion: the worldwide recession, the temporary fall in the revenues of the oil-producing countries, the priority given by the western media (which still create world public opinion) to East-West problems, the shrinking back of a China that is really eager for development have certainly contributed to it. Rather we would like to examine what has become of a reality known, for want of a better term, as "the bipolar system."

Indeed, it has to be admitted that there is less and less symmetry in the positions of the United States and the USSR with regard to their own camps and the way in which they can establish their respective powers, which incidentally leads one to think that a private dialogue of the two great powers can no longer play more than a limited stabilizing role.

The foundations of American influence are becoming increasingly fragile. Certainly, the international monetary and financial problems, and that of the correlation of strength throughout the world, constitute major challenges that could lead to the development of a western grand design; but it is not apparent that the American system is in a position to meet such an ambition.

This is particularly true in the financial area: with the liquid assets crisis, the United States is more than ever the dominant center for international financial trade. In addition to the structural factors in this dominance (two-thirds of all raw material and oil trade is done in dollars;



the international monetary system results in 70 percent of trade reserves' -- ECUS [European Currency Units] excepted -- being in dollars), there are some extremely onerous circumstantial factors, such as the ebbing of capital toward American markets accompanied by the flow of foreign dollars in search of a borrower -- the paradoxical result of the abrupt disappearance since 1980 of the oil countries' surpluses. The present situation results from the restrictive monetary policy applied by President Reagan: it is characterized by a cumulative phenomenon in which increased cost -- or at least, the control of financial resources -- leads to an increase in the dollar interest rates, which in its turn contributes to a drying-up of international liquid assets and arbitration by the OPEC countries (to the advantage of investments in the United States and the disadvantage of assets previously invested in Europe, Japan, and certain developing countries).

As pivot in the harvesting of a resource that it is helping to deplete, America is also much more influential than formerly in its redistribution. This is not the place to describe the activities of the IMF, within which there is a strong American influence, even if it is "bureaucratically media-tized." Over the past few years, the Fund has become essentially an organization for the guardianship of developing countries, since the "conditional nature" of the aid granted leads to an unparalleled power of control over the debtor countries; the resources subjected to a small degree of conditionality now amount to only a very small proportion because of the method which has so far prevailed to "broaden" the access of the indebted countries to the Fund's resources. Naturally, the principal of raising the quotas from 50 to 90 billion dollars has been presented as a victory of reason over an excessively restrictive policy of the United States, which reportedly hoped for limitation on this increase and the establishment of a special fund to meet the problem of the most heavily indebted countries (that is, certain Latin American states, clients of Washington), outside the usual rules of the IMF. But one can neither ignore the slight effects of raising the quotas in terms of the dollar amount to which the debtor countries will have access, since Fund members subscribe two-thirds of the increase in their own national currencies, nor pass in silence over the fact that it will be mainly the big debtors in Latin America, heavily in debt to American banks, that will be the priority beneficiaries. The actual outcome is thus along the lines of what the United States wanted in the first place. As for the idea now being practically developed of concertation by the principal trade banks to contribute to a systematic payment reorganization of these countries' public and private debts first, and subsequently to perfect a structural system for predicting risks, it is certainly moving toward a more rational understanding of international financial resources and their investment. But it will inevitably converge around the group of American banks heavily involved in the south of the continent.

This resumption of financial control would have nothing but advantages if it had been accompanied in America itself by a domestic policy corresponding to the United States' responsibility as a center of financial development. Let us state one first truth so that we do not have to come back to it again: the American economy or finances are no longer independent of world circumstances. The share of foreign trade in the American GNP has risen from 10

to 25 percent between the mid-sixties and the present. The bad thing is that this figure, compared to that of the other big industrial countries, is not high enough to have done away with the impression in America that the natural course of domestic processes can be separated from international phenomena. And that brings into American trade and financial policy many contradictions that can be summed up as follows: a slack American monetary policy, or, conversely, one that is too strictly controlled, leading (alternatively or simultaneously) to an abnormal rise in interest rates, which artificially affects the value of the dollar, and consequently, American exports. There could even be a mixed case, in which, as today for example, it is claimed on the American side that interest rates are being lowered, while at the same time budget deficits that tend to raise them are being tolerated. We are thus witnessing the play of actions and reactions that in their turn affect the world situation: the Fed [as published], even if it is not in a position to control the growth of the world money mass directly, is at least in a position to drain the liquid assets in the United States, even at the cost of a rise in interest rates, which ultimately weighs on the level of indebtedness of the other countries. In reality, the only counterweight to this aberrant "power" is the sort of de facto blackmail being practiced by the debtor countries, which are extremely strong, on the lending commercial banks, which are turning to the governments and to the American government first of all. It is under the pressure of events, of the facts, that is to say under the threat of a generalized financial crash among its banks that the United States recently moved toward a little more freedom in domestic and international monetary creation.

These continuous contradictions are a result of the privileged situation granted the dollar: it is because the United States, dominating the international monetary and financial situation, has not been willing for its economy (though more open to foreign dealings) to be subjected, especially since the abandonment of the gold standard, to the discipline of an objective standard of comparison, that it can with impunity venture to change monetary policies, even if it entails making a large part of the world suffer for it. In these conditions, the reform of the IMF envisaged as more specific control over international money production would have its full effect only if a solution were found to the problem of the contradiction inherent in the dual role of the dollar: domestic monetary instrument and international standard.

The exorbitant privilege granted the United States continues to be justified in part -- at least within the western world -- by the role that it plays in world balance. Now, this role is increasingly poorly assumed because of American domestic drifting. This situation is all the more worrying in that in the present state of affairs, the United States is still irreplaceable as a balance for Soviet power -- including in the peripheral zones.

As concerns the overall correlation of strength, one should indeed avoid harboring illusions. European defense is only a magic theme -- not to mention an "excusatory" alibi. The notion of European military space is nonsense: the very notion of a nuclear balance of Europe's own is dangerous because of the position of Western Europe with respect to the Soviet Union. In the area of traditional forces, the quantitative superiority, the speed and mobility of modern Soviet air-land equipment, the preparation of their actions rendered

possible by certain preventive destruction capabilities, make the definition of a geographic reality confined to the center of Europe delicate, if not absurd. In these conditions, it is hard to imagine Western Europe defending itself, as such, in the immediate future, at least. At the overall level, the "blocking" or rather the abstention of the Soviet Union can only be gained, for stakes such as are constituted by Western Europe or Japan, by the United States alone, unless the launching of striking capabilities comparable to those of the two great powers is envisaged for the European nations. That would assume that some considerable political problems were resolved (the different status of the nations involved as regards nuclear arms) as well as technological and financial problems. Europe would still not even have at its disposal the warning periods, the perspective, or the size that would enable it to prepare the many necessary alternatives for a modern strategy. The argument of deterrence "of the strong by the weak" is only valid for a country like France, with its "end of the peninsula" position. As for Japan, the tiny size of its territory, combined with recent historical reticences that are no secret, make it hard to imagine it progressing toward offensive nuclear armament. At the very most it can give some thought to developing its supporting role for the maintenance of the American naval air forces or preparing to perfect an anti-missile strategic defense system which the advanced state of its technologies should place within its grasp.

Now, with respect to the balance of strength and the Alliance, successive American governments have tended too often to support policies intended to disguise their own domestic weaknesses. Several examples may be given: after the Cuban crisis, President Kennedy found himself empowered to resume total control of American nuclear resources, and in particular to dash the hopes entertained for a time by the FRG of a right of nuclear co-decision on devices capable of striking Soviet territory; to fight against the proliferation of arms on the western side (pressure on striking strength; control of British strength under the Nassau agreements); to avoid the immediate involvement of American territory for the defense of Europe (modified retaliation concept); to make the first moves toward a "stabilizing" dialogue with the USSR (non-dissemination pact). The SALT [Strategic Arms Limitation Talks] 1 and 2 agreements are themselves as much the results of reasoning based on the need to control jointly with Moscow the unpredictability of the quantitative and technological arms race, as that of American inability to maintain an arms effort equal to that of the USSR. President Reagan has just very opportunely reminded us that the last modernization of the ICBM [Inter-Continental Ballistic Missile] and American bombers occurred as far back as the sixties, and that the rate of production of conventional naval, air, and land arms has been lower by half than that of the Soviets. The theory of "assured mutual destruction," that of "strategic adequacy," or "essential equality" have in turn served as justification for decreased effort. Much more recently, it is true, in the context -- fortunately different for western security -- of an American effort for overall recovery, it may have appeared that the decision to develop some anti-missile systems was a compensation for the impossibility of President Reagan's obtaining from Congress the means for deploying the new MX missile in a realistic configuration. Even more worrying, perhaps, is the reasoning that shows through the remarks of American officials in charge of operations: some talk of "raising the nuclear threshold" in Europe, and the others explain analyses in which the concept of using nuclear

weapons triumphs over that of deterrence. Moreover, since the Watergate affair and the war in Vietnam, the action of American institutions seems to have deteriorated to such a point that the overall world role of the United States is affected by quarrels that are strictly speaking national, not to say "parochial" ones (debates on the freeze, pacifism in the churches, etc.).

These uncertainties and doubts between Europeans and Americans are amplified by the lack of education of the new political strata rising on both sides of the Atlantic: all of them are without the experience of war, have forgotten that luxury and a high standard of living are not to be taken for granted but are the results of patient, difficult acquisition, and that peace and well-being cannot be established by decree.

This "legitimacy crisis" latent within the Alliance could not come at a worse time. Indeed, the Europeans should today be taking on more and more of the conventional tasks in the European theater, while the United States, as a result of the development of its strategic forces, its navy, and its rapid intervention capability, would resume the role of an active world power and not merely a passive one. The trouble is that in their present financial situation, most of the European countries -- like the United States for that matter -- are not in a position to make the related additional efforts. These very Europeans were the first, impelled by German nationalism that was attempting to establish itself between Washington and Moscow, to make a political problem out of a project for modernization of the American nuclear forces placed at the disposal of SACEUR [Supreme Allied European Command] which -- technically speaking -- was perfectly rational. And they are the ones who are now hanging back and trying to find shifts to get out of facing up to their responsibilities.

An erosion may also be noted in the American position of dominance in technological advantage:\* at the beginning of the seventies, the United States was exporting products with technological contents superior to those of its principal trade partners: in 1972, 40 percent of American industrial products sold abroad were composed of high research goods, compared to 31 percent in 1980. The amount of research in terms of the gross industrial product is over 2 percent in Japan and the FRG, compared to 1.6 percent in the United States. In purchases of patents from the United States, the Japanese increase between 1971 and 1978 is considerable (+71 percent). The growth rate of Japan's technological exports is the highest in the world: +411 percent in volume during the last decade compared to 55.7 percent for the average of the OECD countries. The American industrial sectors concerned by this breakthrough are non-electric mechanics, chemistry, metallurgy, telecommunications, and electronics. But the United States retains some key positions, particularly in aeronautics, data processing, and electronics (50 percent of the European Nine's deficit with respect to the United States). America has fully grasped the extent of the Japanese challenge. Moreover, it is only with Tokyo, which has raised its technological power to the level of an instrument of

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\*On this subject, please see the excellent analysis published by PARIBAS-CONJONCTURE in October 1982, from which this information was derived.

diplomacy, that there is talk of "cross-cooperation" in defense matters: the Japanese components will probably contribute to the effort for a qualitative breakthrough in future American weapons. Europe, alas, is in a quite different position. This technological diffusion in itself, moreover, affects western security interests to the extent, for example in the arms area, that a certain popularization of components has allowed the Soviet Union to make up for a large part of its backwardness. And on the face of it, one cannot help being suspicious of the present line of argument in the United States according to which there are supposed to be miracle weapons, based on major technological advances and enabling a solution to be found for the many contradictions affecting western defense today: thus there is talk of increased air-land force mobility to compensate for the shortage of men; of the hoped-for perfecting of impenetrable protection systems against enemy missiles, etcetera.

Even though, in the West, more cohesion is needed, it is, on the contrary, a creeping sclerosis that is overtaking the eastern system. The Red Army's military supremacy provides the bond and the main reason for cohesion. The Pact itself is a mere façade superimposed on very powerful bilateral systems, but useful in all the political manipulations within the camp (application of the Brezhnev limited sovereignty doctrine) or outside it (innumerable repeated proposals of non-aggression or bloc-dissolution pacts). The Pact's actual military organization in other respects leaves the USSR's allies little initiative: the Committee of Defense Ministers is so organized that the ministers of the allied countries have the rank of deputy national commander of the pact, subject to the authority of the supreme commander, and he is always a Soviet general. The key decision-making organ in military matters is the office of the deputy chiefs of the general staffs. It does, of course, include the highest-ranking generals of the signatory countries, but it is "assisted" by a combined general staff dominated in terms of numbers by the Soviets, which puts the final touches on operations planning and major maneuvers, and has responsibility for the chains of communication and command. This structure makes sure of the operating dependence of the national forces, a phenomenon that is increased by the fact that the USSR positions and manufactures the critical combat weapons. In addition, the manufacture of equipment is subject to Soviet authorization. The result is control over the national armies, which would hardly have the resources to get away from their Soviet guardians. The geographic proximity of forces in the western districts of the USSR and the advanced forces in the GDR, Czechoslovakia, and Poland moreover permits the organization of an in-depth echelon arrangement of forces. This system provides a very good combination of limited offensive striking capabilities in the shelter of the Soviet sanctuary (and that is the principal danger of the SS 20 and the Backfire) with conventional air-ground operations resources -- which, by their presence, help to freeze the political situations in the socialist countries.

As regards economics, on the other hand, it cannot be said that things are the same. Of course, the CEMA is based on the principles of institutional solidarity among countries claimed to be equal. It has to be noted, however, that the reforms in 1962 and 1971 aiming at a just distribution of tasks within the framework of the international labor division, and at coordination of national planning led to some disappointments: certain countries

(such as Romania) refused to give up certain production sectors. In the absence of objective criteria of economic profitability, the member countries yielded to conservative reflexes, forgetting the interests of the region as a whole, which would have consisted of choosing, for a given production, the most efficient combine. All the Soviet Union could do was to provide bureaucratic arbitration on the specialization of tasks. Likewise, planning coordination, executed essentially on a bilateral basis (the USSR obviously being each one's principal partner) only involves the five-year plans and is hard to extend to longer-term prospects; moreover, it does not apply to the financing of the economy.

In addition, there exists no sound objective system for day-to-day reciprocal adjustment: the trade exchange framework is still defined bilaterally (import and export quota fixing; artificial price setting on the basis of the sliding scale of world prices over the preceding 5 years); the monetary and financial systems are still organized around the Central Bank for Economic Cooperation by means of a common currency -- the transferable ruble -- which, not being convertible either into gold nor into foreign currency, does not stimulate trade with areas outside the CEMA. Hence the desire of certain countries to keep some separate assets in foreign currencies or to join the IMF (Hungary), borrow foreign currency abroad (Poland) -- which incidentally lightens the burden on the USSR by the same amount-- or to get the benefit of special arrangements (FRG/GDR). During the so-called "détente" years, the zone's trade with foreign countries did however develop more quickly than the intracommunity trade.

The failure of this integration process could not help but contribute to tension between two fundamental trends: on the one hand, maintenance of the preponderance of the USSR (which possesses the greater part of the control factor constituted by the energy resources and the major industries); on the other hand, attempts at autonomous behavior by pact member countries considered as individuals, which are taking advantage of the weaknesses intrinsic to the socialist model of development to assert one or another form of originality, either in administrative methods (Hungary), or in the degree of openness, even complementarity with foreign countries (Gierek's Poland, Hungary, and the GDR).

Thus it is on the economic level that the legitimacy crisis in the East is best expressed: in the long run, it is diversification in domestic administrative methods, justifying variable situations according to the importance placed on material stimuli as opposed to ideological stimuli, on the responsibility of free trades unions as opposed to party and state organizations, which constitute the most deep-seated factor in reopening the issue. In the case of Poland, the USSR tried to stop this inevitable economic and sociological evolution. It is true that the connection between the policy of sanctions applied as of 1979-1980 and the political and financial crisis in the West inevitably helped the Soviet Union put the finishing touches on its restraining action. But more fundamentally, it can be considered that so long as nothing changes at the center, and there is no sociological revolution in the USSR itself, no attempt can get very far in the other socialist countries. Now there is even less reason for anything to change there since the bureaucratic administration of the economy and the power structure are in league with each other.

In the West: contradictory developments leaving little room for any real consensus, in particular on the necessary military recovery; in the East, blockage and ponderousness, with as the sole factor for cohesion and success (domestic or foreign) the formidable military might accumulated by the USSR -- which has no allies in the full meaning of the word, but satellites. No situation has ever been more fraught with danger, especially if Moscow feels that it only has a temporary advantage.

It is all the more dangerous in that the crisis settlement system put together in part around the seventies under Mr Kissinger's remarkable impulse has been to some extent "devaluated." For Washington, the philosophy underlying the 1972 Nixon/Brezhnev declaration, then the 22 June 1973 accord, tended to lead Moscow "toward a new model of international behavior appropriate to the dangers of the nuclear age," thanks to a series of accords inducing the USSR "to develop its interest in the relaxing of tensions." But, in view of the stated ambitions of the Kremlin, for which détente is nothing more than an situation providing an opportunity to create conditions more favorable for the edification of socialism and communism, this American approach from the very start could only succeed on several conditions: continuity of purpose, the simultaneous maintenance of a defense effort likely to convince Moscow lastingly that it is in its objective interest to be more moderate, the (proven) determination to give warning signals and to respond to the slightest violation of the reciprocal moderation code, particularly in the peripheral zones.

Not one of these conditions has prevailed on the American side. Continuity of purpose has been impaired by a faulty practical interpretation of "linkage." Initially merely an objective observation of the complexity and the synergy of interrelations between the USSR and the United States, this concept has only been brought up as a way of applying pressure in the face of some circumstantial attitude on Moscow's part. This approach, developed after 1977, has caused some persons to make the absurd proposal of threatening the Soviet Union with adjourning the strategic arms talks of which the United States was in fact the requestor: the general economic embargo measures are somewhat of the same nature. Yet a choice must be made between a general policy toward the USSR or an intermittent policy. More basic yet has been the fact that the United States has not had convincing means of pressure because of the deterioration of American defense capabilities and the role of the executive in the face of a wavering Congress. The line followed by President Reagan, started in part at the end of the Carter administration when it was proven (after Angola, Ethiopia, and Afghanistan) that the Soviet Union was not afraid to find out "how far was too far to go," is more the expression of a reaction to this state of affairs than the real development of a policy. This reaction is a healthy one, in that through it one may hope to see the syndromes of the Vietnamese business removed. But this is fragile progress, in that no bipartisan agreement exists on the defense policy and east-West relations. The American variations have also had some cumulative negative consequences in the Atlantic Alliance itself. It can never be repeated often enough to what extent the gaps in the SALT 2 pact on the issues



intermediate range missiles or the Backfire, associated with President Carter's retreat on the deployment of the neutron weapon (while Mr Schmidt was trying to convince his party to go ahead with it, and had succeeded) may have contributed to the confusion of the "good German pupil." It was natural, that faced with the void, the chancellor -- the first to denounce the risk of Europe's being held hostage by the unilateral deployment of the SS 20 -- should have placed his country in the middle of things. Three years later, the new "tough" language of the United States was reassuring the Germans, but made them nervous too by the prospect of tension in Europe that it involved, preventing Ostpolitik (policy toward the East) from occurring. For today the FRG can no longer follow the fluctuations in American policy and is trying to avoid being confronted with situations in which Bonn would have to choose among Ostpolitik, European hopes, and Atlantic solidarity. That is why the federal Republic's activism in favor of East/West dialogue is in reality a product of the ups and downs of American policy.

This "behavioral machinery" is fearsome. Indeed, the temptation could be great in Washington (to erase the consequences of the ups and downs of American political life on East/West relations as well as on the commitment in Europe) to return rather quickly to the idea of a regulatory dialogue among superpowers. But the American military recovery is not yet sufficiently significant to avoid such a policy's being once again a trap for the United States itself and a disguise for concealing a worldwide strategic withdrawal.

These concerns cause one to catch oneself dreaming of consultations among the great western nations (which of course does not exclude Japan); consultations of a range such that the three aspects -- financial, military, and technological -- of the correlation of forces in the world would be examined in depth. The industrial countries' summit meetings should logically be the occasion for exchanges of views at that level, and not be confined to the examination of merely the problems of the moment, which, more often than not, cannot be solved except by being set in broader perspectives. More practical considerations should be developed by appropriate consultations among ministers of finance; thus it would be possible to work out a system for the allocation of monies according to objective criteria (so as to avoid the monetary jolts connected with the internal contradictions of American financial policy (the gold standard; a super "serpent", etc.) This effort would amount to a first step toward the establishment of an international monetary system worthy the name.

Through its Scientific Committee or the CDSM [Committee on the Challenges of Modern Society], the Alliance could more openly approach the technological questions more or less directly linked to the defense effort, instead of engaging in mere "embargology." Multiple bilateral studies, less routine than those of NATO, could also be undertaken on the overall distribution of responsibilities in defense matters. Thus, Europeans and Japanese would have a better understanding of the direction taken by the new American strategy which is moving toward "protection at a distance" and would more accurately measure the extent of the defense efforts to be accomplished within the security framework that each of them has chosen. It would be desirable, finally, for concertation of those really responsible to bear upon the way of approaching relations with the East so as to avoid possible spasms that are dangerous for peace. The dual crisis of "legitimacies" provides, in this respect, a unique opportunity.



## KRISTIANSSEN'S HANDLING OF MINISTRY SEEN UPSETTING COALITION

## Oil Sales to Israel Issue

Oslo ARBEIDERBLADET in Norwegian 7 Jul 83 p 7

[Interview by Gunnar A. Johansen]

[Text] Kare Kristiansen has gotten off to a "flying start" in the Oil and Energy Department. One thing has succeeded another. Oil to Israel, the sale of state-owned Norol stock, water injection at Ekofisk and a tug of war over the establishment of a fourth Norwegian oil company.

Yes, things have been happening so fast that many feel the new oil and energy minister has stumbled somewhat in the beginning. He, himself, feels that the media have been trying to trip him. Editorials in AFTENPOSTEN, NATIONEN and SJOFARTEN have suggested he give more thought to teamwork.

"Teamwork is very important in a government and the Christian People's Party has not least recognized that. But with respect to two issues--oil to Israel and the sale of state-owned Norol stock--I am surprised at how some newspapers and the Norwegian Broadcasting System [NRK] have managed to interpret my views. These interpretations do not at all cover what I actually said."

"And what did you actually mean to say?"

"With respect to oil sales to Israel, I only stated what the situation actually is today, namely that Israel will be treated the same as other countries wishing to purchase oil from companies engaged on the Norwegian continental shelf. The Oil and Energy Department cannot negotiate special agreements with a particular country. I assume that my view on Israel has prompted some to expand upon my comments."

"And Norol will continue to exist as a state-owned company?"

"A change in Norol ownership is not part of the political agenda at this time. When the time and opportunity present themselves we will have to consider the matter. Although the three government parties voted against the establishment of Norol, they have taken no joint position on the matter. In any event, we must first await the Mellbye committee's recommendation on the future role of Statoil. However, I do not exclude the possibility that we will deal with the Norol issue in this parliamentary session. Personally, I have not yet come to a final decision on Norol's ownership."

"The concern about the lack of teamwork expressed by two government organs, AFTENPOSTEN and NATIONEN, is unnecessary then?"

"Yes, because it is based in part on NRK's slanted interpretation of my position."

At any rate, Kare Kristiansen has not lacked media attention. Compared to his predecessor, Vidkunn Hveding, he is the direct opposite in this respect. At times, Hveding was so anonymous that the fear of department inaction greatly affected oil matters as well.

Now there is almost a warlike situation between the Oil and Energy Department and the U.S. oil company Phillips. The feud is over investments in a so-called water injection project at Ekofisk. The plan is to inject water into the oil reservoir to force out more oil. Phillips feels there will be too little return on the investment and wants tax relief before going ahead with the project.

"However, we cannot evaluate this matter purely in terms of profitability. It is a question of important socioeconomic interests."

"Will this be the big test between yourself and the international oil giants?"

"This issue was on my desk when I came to the department. I had no choice. Since we must make a decision rather quickly, I had to plunge into it."

"This has developed into something of a war of nerves between Phillips and your department. Which is the stronger?"

"It is true that the negotiations between the department and Phillips have become a little tense. Our opinions obviously differ. We are working on a number of alternative solutions, which do not include tax relief for the oil companies."

Today there is also a tug of war over the establishment of a fourth Norwegian oil company, which is supposed to be in charge of the remaining five percent of the Oseberg field in the North Sea. The government wants to arrange a merger between the recently established Norexplor and Saga.

Norexplor, however, wants to develop the five percent independently. Neither of the two companies have been particularly enthusiastic about the government's merger plans. Following a meeting this week between Prime Minister Kare Willoch, Oil and Energy Minister Kare Kristiansen and Norexplor, it is clear, however, that the government intends to push very hard to arrange a merger.

"Have you given the two companies an ultimatum?"

"No, but we have stated quite clearly how we view the situation. It involves a lot of money. In our opinion, it would be natural to combine the capacities of these two companies," Kare Kristiansen told ARBEIDERBLADET.

#### Labor Party Organ Comments

Oslo ARBEIDERBLADET in Norwegian 7 Jul 83 p 4

[Editorial]

[Text] Recent statements by Oil and Energy Minister Kare Kristiansen have prompted several nonsocialist newspapers to express the need for more discipline and unity within the new government. The primary concern has been Kristiansen's statements about oil sales to Israel and possible plans for private ownership of the state-owned Norol company. In an interview with ARBEIDERBLADET today, the oil and energy minister maintains that he has been misunderstood by the media. This tactic is not unknown to politicians who feel themselves pushed against the wall, but we choose to interpret Kristiansen's comments in their best sense. Hence, our conclusions are that he has no plans with respect to oil sales to Israel or the sale of Norol to private interests.

We are not going to discuss the facts involved in these matters at this time. We have the feeling there will be many real opportunities to do that, particularly as long as Kare Kristiansen remains the oil and energy minister.

What is most interesting at this time are the nosocialist commentaries in the wake of Kristiansen's comments. As usual, AFTENPOSTEN was the first to chastise the middle parties. To be sure, it was addressed to all three parties, but there was hardly any doubt that it was intended for the middle parties. "One rule that should have validity throughout the life of a coalition government is that no cabinet minister shall adopt a rigid position with respect to issues on which there are divided opinions and which are directly important to the cooperation. Kare Kristiansen has not sinned against this rule, but reactions to the statements in question show that there are problems within the partnership. They should consequently be discussed in private," wrote AFTENPOSTEN.

NORGES HANDELS-OG SJOFARTSTIDENDE quoted Christian Michelson's famous words dating back to 1905--"Now it is matter of holding one's tongue"--and wrote that it should be unnecessary for Prime Minister Willoch to teach a basic course in cabinet ministership.

"If it is impossible to generate a well-developed sense of teamwork on the cabinet level, the government as such will have a profile that can serve but a few, if any. Special public political remarks should be made by someone other than cabinet ministers," write SJOFARTEN.

And NATIONEN, the Center Party's chief organ, asked Kristiansen to confer with party members as well as members of the coalition before making any more controversial public statements.

We shall not get involved in what forms of cooperation the three government parties should choose. However, it is very interesting to note that nonsocialist politicians and their press have developed bad nerves thanks to the coalition government. The oil and energy minister only has to say a few words and editorial commentators will step in and cry "crucify, crucify." The foundation on which the coalition government is built cannot be particularly solid because so little is needed before someone demands a showdown in private or a course in cooperation techniques.

The two middle parties brought many explosive bodies into the government. Kare Kristiansen's comments can be considered a small explosion compared to the detonations one might expect if the Christian People's Party and the Center Party pursue their own party programs while in government.

We feel certain that the three parties will do their utmost to stay together. It remains an open question, however, if doing ones utmost will be enough. The kind of cabinet ministerial rebuke which has emanated from within the minister's own ranks the last few days does not help strengthen the cooperative climate anyhow.

#### Center Party Especially 'Irritated'

Oslo ARBEIDERBLADET in Norwegian 11 Jul 83 p 21

[Text] "A cabinet minister must have the right to speak out on concrete matters that fall under his department. It is obvious, however, that a cabinet minister must show responsibility and a certain sense of solidarity towards other coalition government members as well. But I fail to understand how my comments could be especially irritating to the other government parties."

Oil and Energy Minister Kare Kristiansen made that statement to ARBEIDERBLADET's editorial office in Oslo in response to Saturday's press release, which reported more unrest within the nonsocialist government. According to

DAGBLADET, the Center Party [SP] is becoming increasingly irritated over the high-handed initiatives on the part of Christian People's Party [KrF] cabinet ministers in general and Oil and Energy Minister Kare Kristiansen in particular.

According to DAGBLADET, SP's dissatisfaction not only applies to the initiatives themselves, but also the manner in which they were taken. The reason SP does not officially criticize KrF is said to be that SP members do not want to create an open conflict this early within the new government.

Center Party irritation is said to be especially directed at Kare Kristiansen because of his unexpected and high-handed initiatives, which were later retracted. Center Party members feel that this method of operation discredits the entire government and that opinion is supposed to be shared by Conservative government members as well.

"I have not been aware of this irritation. Regarding the press' allegation that my initiative to limit expansion at Breheimen was the drop that caused the cup of dissatisfaction to overflow, I obviously made that statement on the basis of my position as oil and energy minister. The Center Party has the democratic right to oppose my view when the matter comes before Parliament. My comments on the issue are not binding on anyone except the Oil and Energy Department and, as an official cabinet minister, I should have the opportunity to openly defend views and judgements that fall under my area of responsibility," said Kare Kristiansen.

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## AP DOCUMENT DETAILS COALITION POLITICAL STRATEGY

Madrid YA in Spanish 12 Jul 83 p 8

/Article by M. Luisa Garcia-Franco/

/Text/ According to the text which YA has obtained the Popular Alliance /AP/ strategy document which was studied yesterday by the party executive committee and which will be approved by its national directive board on 18 July contemplates, with a view to coming into power in 1986, the following principal lines of action: at attempt to bring into a popular coalition all non-Marxist and nonsocialist political forces within the nation; to maintain disciplined doctrinal, political and human unity within the party; to reenforce its populist content and project itself into the various social groups; to create an infrastructure which will encourage conservative, reformist thought in public opinion; to strengthen itself as a regional party; and to make manifest "the errors committed by the socialist power."

The establishment of a bond between the 17 popular groups of the various autonomous communities is considered an immediate task. At the same time, the regional aspects of the party should be accentuated. The document mentions, without putting it into a concrete form, the possibility of using, along with Spanish, the languages of those regions of Spain to which the constitution grants national rank (the text describes this as wrong and dangerous).

There is praise for the "discretion" with which the leftist parties manage to solve their internal quarrels, and the internal contradictions within the party are considered evidence of vitality, "to ignore which would be folly, just as it would be insufficient to invoke the necessary discipline, no matter how resolutely it might be applied." The problem is attributed to the growth of the party, and to solve it a system for transmitting the party's point of view to the regional parliaments, mayors and city councilmen will be established.

A permanent system of sociological research to get closer to the electorate is also considered indispensable. The document states, "To do otherwise would be amateurism and improvisation with which it is not possible to influence the voters or to find, for example, the means of dispelling the shadows of harshness and even aggressiveness which are so frequently cast on a large part of the AP leadership." Special attention is given in the document to the information policy to counteract the socialists' ability to influence public opinion, which is regarded as very great.

## The Role of the Coalition Partners

An analysis will be made of the appearance of small local provincial and even regional parties as a result of the dissolution of the UCD /Democratic Center Union/ which draw off sectors of the electorate who could vote for the popular coalition. An attempt is also being made to define the role which should be played by the parties belonging to the coalition, "not so that they will compete for territory with the AP, but so that they will reach out into other public opinion areas reluctant to join the AP but who wish to prevent the consolidation of leftist governments."

The objective of the party in reaching out into society is to seek the following information on each social group: "the strength and unity of the group's commitment to each of the values, principles and interests contained in the electoral program; firsthand, accurate information on the concerns and need of each group; whether it feels that it is adequately represented politically; its channels of communication with society at large; the leaders which each organization must have in order to establish itself; and its electoral commitments."

The party seeks to promote coordination of social groups, to create channels for working out ideology, to support them from the technical-organizational point of view, and even economically, during the first phase and to bring into the leadership of the coalition and of the groups "responsible persons who act in accordance with the principles of the coalition."

The document finally states that "the party will be the channel of contact between the social groups and the economic support instruments by which it will increase its authority over them."

AP wants to train teams of intellectuals, professionals and technicians who will engage in building a broad infrastructure of ideological and logistic support for these "forces so that they become accustomed to doing without the support provided by Gramsci's followers." The document asserts that "to answer the message of hope and progress which the socialists have sold, a message must be sent out which is full of hope for the future and which should sink its roots in the most vital part of our tradition, without acting in a "reactionary" manner, merely rejecting the proposals of the adversary; it is necessary to create an ideology and a substantive image that are basically conservative but with a liberal mentality and a reformist will."

Up to 1986, AP will concentrate its effort on the creation of "a stable and lasting organization in which the voters who do not want the prolongation of socialism nor the triumph of alternatives further to the left of separatism feel that they are represented."

## Militant Members

Concerning the militant members, the document states that "It is imperative that their links with the party be maintained through a communication system which is fast and frequent so that they will not be just spectators but participants in a common task."

## MADRID-BASQUE CONFRONTATION OVER SECURITY SET UP

Guipuzcoa EGIN in Spanish 9 Jul 83 p 4

/Text/ The Spanish flag over the Tolosa City Hall sets the central and the Basque Governments against each other in an argument over the transfer of control over security forces.

During the last few hours, this confrontation has materialized in statements by Barrionuevo, a Basque Government note, a communique from the Basque Country delegation and a note from the minister of interior and the Interior Department of the Basque Government.

Interior: The Basque Government Should Clarify Its Position

The Ministry of Interior has requested the Basque Government to clarify its position on the transfer of control over the security forces in a note replying to the one published last night by the Vitoria Government.

In view of the Basque Government's statement that to maintain the prevailing legal situation, it must have actual command of all the security forces stationed in Euskadi not belonging to an extracommunity service, the Ministry of Interior stated that it was the representatives of the national government on the Security Board who proposed to representatives of the Basque Government the assignment of units of the State Security Corps and Forces.

The ministry stated, "This proposal has so far not been accepted by the Basque government. If the Basque Government's note indicates a change of position this ministry is highly pleased and is waiting for the Basque executive to set the date and time for beginning timely negotiations within the framework of the Constitution and the Autonomy Statutes."

The differences between the Basque Government and the Ministry of Interior began with the decision by the Tolosa city government to send the Spanish flag to the Ministry of Interior.

The ministry replied that it did not doubt that the Autonomous Government would assure compliance with laws now in force. In reply to this the Basque Government said that this would require the transfer of actual command of the security forces stationed in Euskadi not assigned to the extracommunity service.



## Juaregui's Reply To Garaikoetxea

In reference to the note from the Basque presidency on the subject of the Spanish flag of Tolosa, the central government's delegate sent a note stating: "The central government believes in, complies with and respects the Autonomy Statute and reminds the Basque Government that its authority with respect to public security matters is exercised by the Autonomous Police, the establishment of which we are implementing by mutual agreement and whose role in the maintenance of public order will increase gradually as the tasks of recruiting and training go forward."

The Jauregui note adds, "The Basque Government should also remember that it recently rejected our proposal that representatives of the Interior Council and of the legislative delegations participate in the Provincial Security Boards for the direction and command of the state security forces."

Jauregui said, "It is intolerable that an attempt should be made to justify the grave actions which have taken place during the last few days in some city governments or that an attempt should be made to explain the silence of the autonomous executive by again raising various issues against the central government or by making demagogic demands for things that are neither desirable nor possible."

Further on the communique states, "Compliance with the law is not subject to any prior condition. Laws must always be obeyed and public institutions, including the Basque Government, should watch over their enforcement, regardless of whether they identify politically with those laws. Never and in no case, it states finally, is compliance with the law and its requirements open to barter or contingent upon meeting prior demands."

## The Rightist Coalition Calls For Condemnation of the Basque Parliament

The popular coalition (AP /Popular Alliance/-PDP /Peoples Democratic Party/-UL /Liberal Union/) called on the Basque Parliament to condemn most vigorously the withdrawal of the Spanish flag from certain city halls and other public buildings in the Basque Country.

In that motion, which was proposed as a resolution and not as a law, the parliament is called upon to urge the Autonomous Community authorities to comply strictly with the constitution and the law which regulates the use of the constitutional flag and other flags and emblems.

The AP Basque Country regional board also considers "unacceptable" the Tolosa City government resolution to withdraw the Spanish flag and to send it to the Minister of Interior.

The AP of the Basque Country requested that the government "take all necessary steps to guarantee respect for the symbols which represent all Spaniards."

## IMPROVEMENT OF AIRPORT RADAR SPARKS FAEROES' PROTEST OF NATO

Copenhagen INFORMATION in Danish 20 Jul 83 p 8

[Article by Jens Holme]

[Text] Despite stormy protests by the peace movement on the Faeroe Islands, the government of the islands has granted permission for a modernization of the Torshavn Air Base. It is commonly called Mjorkadal because of its geographic location on a mountain side at the head of a bay some 10 km from Torshavn.

This name seems to reflect the normal weather conditions. Mjorkadal means Foggy Valley--not Dark Valley as it is incorrectly translated by Danish journalists who do not take the trouble to look it up in the dictionary.

The air base and its radar on nearby Sornfelli Mountain are NATO's "eyes" in the North Atlantic. The base is part of NATO's early warning system and scans the airspace between Scotland, Iceland, and Norway for suspicious traffic. In addition, it provides some assistance to stray civilian aircraft and helps protect fishing vessels by frequently announcing the movement of foreign vessels.

The technology used at the base is now outdated, however, according to Lt Col P. E. Juhl who was the head of Mjorkadal until 1 July. After 5 years of service on the Faeroe Islands, he now has been transferred to NATO headquarters in Brussels.

#### Electronics

The warning station has operated for 25 years. Now the antiquated vacuum-tube technology will be replaced by modern electronic equipment as part of NATO's modernization program. Lieutenant Colonel Juhl compares this to replacing a black-and-white television with a color TV or to putting glasses on NATO's "eyes." He stressed, however, that there would be not change in the range or scope of Mjorkadal's activities.

In order to carry out the modernization program, the base was forced to apply for a building permit to construct housing for workers.

The conversion will take 3 years and since specialists will be required, most of the work force will consist of technicians imported from abroad. They will live on the base. In addition, Mjorkadal had to apply for permission to

increase the height of its radio antenna on Sornfelli from 25 to 60 m.

#### Protests

The plans have sparked a wave of protests. They culminated on Whit Monday when 200 opponents participated in a 14-km peace march from Torshavn to Mjorkadal and 600 participated in the subsequent demonstration at the air base. The Faeroe Islands' peace movement, People for Peace, sees as its main task the dismantling of NATO installations on the Faeroes. The movement bases its position on a 1960 resolution by the Faeroe Islands' parliament which states that the Faeroes will maintain neutrality with regard to the major powers and not allow the presence of foreign military installations. For the most part, however, Danish governments have ignored this resolution. The Faeroe Islands were dragged into NATO without being asked.

The main argument of People for Peace against the presence of NATO is that the Faeroes risk becoming a target for the Russians in the event of an open conflict between the superpowers.

Realizing that such arguments will have no immediate effect on those in power, the NATO opponents are attempting to utilize several procedural errors involving the construction.

#### Procedural Errors

First of all, the air base actually began construction on the three residences before it was realized that a permit would be required. In addition, members of the peace movement doubt that the air base ever received permission to be constructed at its present site.

This is denied by P. E. Juhl, however.

"We signed an irrevocable lease with a King's yeoman in Kaldbak, but because of an administrative error the contract never was entered in the books," he said.

After a lengthy debate, the Torshavn town council approved the application from the air base by eight votes to five. Several members of the town council announced, however, that they would take legal action to determine the status of the Mjorkadal lease.

The government, which consists mainly of parties that support NATO and close ties between the Faeroes and Denmark, subsequently granted final approval.

#### Decimated By Taxes

The Mjorkadal Air Base is manned by over 100 Danish officers and contracted workers. Recruiting presents some problems, but everyone at the base is relatively satisfied. Their main complaints are that the housing situation

in Torshavn makes it difficult for them to bring their families and most of them feel that they are being decimated by taxes. The Faeroe Islands authorities do not recognize their right to take deductions for interest payments on property in Denmark. In addition, bonuses to personnel working on contract are taxed by the Faeroe Islands.

Lieutenant Colonel Juhl believes that the NATO base is accepted by the majority of the people on the Faeroes. He respects the opinions of the NATO opponents.

"To a great extent, security policy is a matter is a matter of beliefs and emotions. Fortunately, however, our opponents do not take it personally. For example, I am a member of the Rotary in Torshavn, but I have never heard any criticism there directed at me personally."

The NATO base is seen as a concrete expression of Denmark's right to rule the Faeroes and, for this reason, it is a particularly painful thorn in the side of those who want to sever the ties between the Faeroe Islands and Denmark.

#### Oil Drilling

Another topic of current interest in the independence movement's campaign against Denmark involves underground mineral rights. The government of the Faeroes has received applications from over 25 oil companies for permission to conduct exploratory drillings for oil and gas on land and off-shore. But they all have been told to wait until the question of ownership rights has been settled. As in the case of Greenland, the laws concerning home rule on the Faeroe Islands state that underground mineral rights are held in common. In other words, Denmark can demand a share of the profits.

As recently as last year, the parliament in Torshavn stated that the Faeroe Islands alone should control and utilize raw materials on the continental shelf of the Faeroes. But Prime Minister Poul Schluter, during his recent visit to the Faeroes, made it clear that his government would not consider granting the Faeroe Islands more favorable conditions than those that apply to Greenland. Prime Minister Pauli Ellefsen of the Faeroe Islands has yielded on this point and agreed to conduct future negotiations over the use of raw materials on the basis of the so-called principle of equality, which also applies to underground mineral rights in Greenland.

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## SIRMEN ON GREEK GAINS OVER TURKS IN BASE ACCORD

Istanbul CUMHURIYET in Turkish 22 Jul 83 p 3

[Article by Ali Sirmen in the Column "In the World Today": "A Peculiar Game"]

[Text] The Greek Premier has finally achieved his aim and killed two birds with one stone. Andreas Papandreou, while solving the question of the bases, which was the subject of lengthy arguments between Washington and Athens, managed also to get recognition for the problems he has with Turkey.

No one doubted that the dispute between Athens and Washington concerning the bases was going to be settled in such a way as to bring satisfaction, even if partial, to both sides. The really interesting point, from Turkey's perspective, was to what extent this agreement would be used as a trump card against Turkey for the Aegean and other problems of Greece.

The truth of the matter is that Papandreou, even if at the lowest level, achieved his aim and did kill two birds with one stone. Although this went against everything that was said in Andreas Papandreou's electoral campaign, it was known that while he was not in favor of the bases remaining some time longer in his country, he would agree to this. It is a known fact that the Premier realized, if not at the time at least later, that his electoral campaign attacks were not realistic. Under the circumstances, Papandreou had been agreeable for some time to solving the bases problem within a framework to which Washington would not be too averse.

However, while reaching for this solution, Papandreou was forced first to satisfy public opinion, as well as the radicals within his own party. At that point, Papandreou resorted to the easiest and, in fact, the safest ploy for implementing his policies and he brought to the fore the "Turkish threat."

Because a lot has been said and written on this subject, we will not return again to that same point. There is only one point on which we think it is imperative to dwell. The U.S.A. government has given Athens, in return for the bases accord, a guarantee even if it is an indirect one. This guarantee takes the concrete form of the U.S.A. Congress resolutions dated 1961 and 1968 regarding aid.

If, without going into details, one was to define the terms of the above guarantee, apart from the observance of 7/10 ratio with regard to the aid given to Turkey, it also introduces the condition that the arms given to Ankara "should not be used for any purposes other than those of the aid," and, together with that, the restriction that the developments in Cyprus will be looked into.

There is no need to emphasize that the above conditions are unacceptable to Ankara. In fact, Ankara has voiced its views on this matter quite bluntly. But we would like to stress the fact that the foregoing occurrence has once again shattered a conviction that is quite widespread in Ankara.

As we pointed out many times before, there are no grounds for the belief that "The Congress is against us but the Government is on our side." Because relations take place on a government to government basis. The decision of a governing body, on any matter related to its competence, is the decision of the government. Another government is not in a position to figure out what domestic interrelations or what domestic conflicts led to the aforementioned decision of the above mentioned government. Indeed, the latest resolution of the Turkish Ministry of Foreign Affairs is one more proof that this fact has been grasped. Furthermore, this peculiar decision is damaging to the whole concept of NATO.

If a NATO member gives a guarantee, even an indirect one, to another NATO member against a third member it shows that there is something basically wrong with this pact.

What should be done under the circumstances? Should Turkey strain even further its relations with NATO? Should Ankara escalate the cold war with Athens?

We believe that, in view of our actual international relations and in this period of changes for Turkey, such sallies would give an advantage to Papandreou in attaining his purpose. We are convinced that, while all the fundamental views related to the question we raised should be preserved, it is advisable for the present to follow a very level headed path and stress resistance to the problems that arise but without damaging and severing relations.

It must not be forgotten that the success of Papandreou's peculiar game depends on Turkey playing into his hand. We must not forget also that while we struggle not to be caught up in this game, any signs of yielding will sooner or later end up conflicting once again with our national interests.

The solution lies in a cool, resolute, unyielding, responsible line of behavior. This line is as fine as the edge of a knife.

That it the way it is, solutions in politics are often as fine as a knife's edge.

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## BALTIC SEA THREATENED BY FERTILIZERS, HEAVY METALS

Stockholm DAGENS NYHETER in Swedish 24 Jul 83 p 16

[Article by Lasse Johansson]

[Text] Beneath the 366,000 square kilometers of water surface in the Baltic Sea lies a life that has been greatly disturbed. The salt content of the 22,000 cubic kilometers of brackish water varies sharply from north to south. Most of the water comes from rivers and precipitation and it takes about 25 years before all the water has been replaced. This, along with the great stratification of the water mass, the low temperatures, the limited number of varieties and the slow nutrient turnover makes the Baltic Sea sensitive to various influences.

We can look at the Baltic in many ways: as a recreational paradise for tens of thousands of boat owners, as a runoff container for hundreds of millions of people, as a field for military maneuvers, as a transport route for oil and various poisons, as a producer of Baltic herring and cod or as a living organism with its needs and problems.

In three articles, DAGENS NYHETER will talk about the Baltic Sea from entirely different perspectives. We begin today with the biology of the Baltic, what happens beneath the surface and yet affects us so much.

If you sit down on one of the Baltic Sea's sunbaked, water-honed and mellow rocks and listen to the ground swells that lift eider ducks and kelp up and down, you can easily imagine that the sea is breathing with deep heavy breaths. That is not true, there are other reasons for the movement of the water, but the water's edge and the feelings there are a good starting

point for anyone who wants to understand our enormous inland sea and what we are doing with it.

If one wants to, one can view the Baltic Sea as a gigantic living organism that was born toward the end of the Ice Age and developed in various stages and is now changing and aging. An organism that needs light, oxygen and nourishment in order to keep from dying. An organism that is just as sensitive to changes in the environment as we are and that in addition shares several illnesses of prosperity with us.

There are scientific reservations to this point of view, but it has big advantages if one wants to understand how the various groups of plants and animals function together, how the different shore and bottom types affect each other and how the different geographic parts of the Baltic are tied together by means of water currents.

The water is the blood of the Baltic and the movement of the water is its circulation, carrying around the nutrients, waste products and poisons.

But the water is also something more, it is the life environment for the organisms in the Baltic Sea and the water quality is quite decisive for their opportunities to survive and reproduce.

The water in the Baltic is brackish. Here the salt water from the west coast that is forced in through the Belts and the Oresund by the autumn storms is mixed, though slowly and incompletely, with the fresh water from the various rivers around the Baltic and the precipitation that falls on the 366,000 square kilometers of this vast inland sea.

#### Hard Struggle

The farther north one goes in the Baltic, the fresher the water, which places great stress on animals and plants that were developed in real salt water.

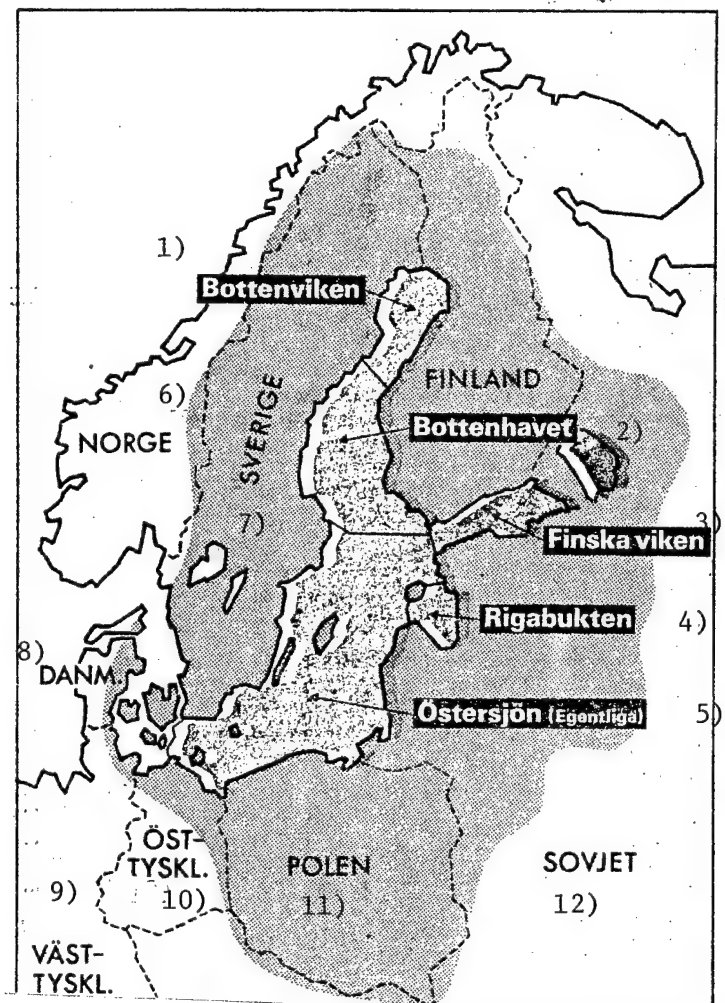
The sea mussel, for example, one of the most common forms of bottom life in the Baltic, must fight so hard against the low salt content that it does not have enough energy left to grow as large as its relatives on the west coast. And many creatures cannot tolerate the brackish water at all. There are only a tenth as many animal varieties in the Baltic as there are in the ocean off the west coast.

Some varieties endure the harsh environment by living at greater depths where the water is more saline. And deep down, below a depth of 60 meters, is the true salt ocean water where cod can still lay their roe successfully and hatch out their young. Unless the lack of oxygen and the sulfur break through the "salt-water roof" and kill the roe.

Sunlight, the turn of the seasons, the movement of the mass of water and the circulation of nutrient salts--the nutritional substances that feed



the Baltic--are what set the framework for life in the sea. We cannot do much about the sun and the water, but the release of nutrients such as phosphorus and nitrogen which is now changing the Baltic is due to human activities on shore. In addition, the Baltic has had to absorb large amounts of oil and environmental poisons which along with the low salt content and low temperature have helped increase the pressures on the sea's inhabitants.



The various parts of the Baltic Sea are shown above. The shaded areas indicate the drainage area where 12 million people live, releasing waste water and fertilizers into the Baltic.

- Key:
- |                           |                  |
|---------------------------|------------------|
| 1. Gulf of Bothnia        | 6. Norway        |
| (northern section)        | 7. Sweden        |
| 2. Gulf of Bothnia        | 8. Denmark       |
| (southern section)        | 9. West Germany  |
| 3. Gulf of Finland        | 10. East Germany |
| 4. Riga Gulf              | 11. Poland       |
| 5. Baltic Sea (main body) | 12. Soviet Union |

In its natural condition, before people started up industries, before cars, artificial fertilizer and large-scale chemical production, the Baltic Sea was an environment poor in nutrients with a quite good oxygen balance even in the deepest chasms.

#### Overfertilized

Today the picture is quite different. The northern and southern parts of the Gulf of Bothnia are still relatively poor in nutrients, but the main part of the Baltic is on the way to being too well-nourished and the Gulf of Finland has been clearly overfertilized.

The Baltic is being affected by the same prosperity disease as we human beings. But nourishment is good up to a certain point, it increased production and capacity, but if we get too fat it leads to poor physical condition and coronary infarction.

The Baltic has also been affected by this and is finding it increasingly difficult to breathe. Overfertilization leads to a too rapid production of algae and microscopic animals. A large part of this falls to the bottom where those who break down waste fight like wild animals to get hold of the food. In order to work, the bottom animals need oxygen and the much too high production level has led to lack of oxygen on the bottom and in about half the main body of the Baltic, conditions are now so poor that the animal life there has disappeared.

In contrast to our lakes, that have been largely protected from overfertilization through the rapid construction of municipal sewage-treatment plants, the limiting factor for growth in the Baltic Sea appears to be primarily nitrogen and not phosphorus.

Waste treatment takes care of phosphorus emissions, but nitrogen is difficult and expensive to get rid of. Nitrogen comes from air emissions, artificial fertilizers and waste water and scientists at Asko Laboratory have recently issued entirely new figures on nitrogen emissions, among other things.

#### New Figures

New information from Poland and the Soviet Union has forced scientists to recalculate discharges into the Baltic and it is now estimated that about 1.2 million tons of nitrogen and close to 85,000 tons of phosphorus are added to the Baltic each year. This is half again and three times as much, respectively, as they had believed earlier and four and eight times higher, respectively, than the natural condition.

Today it is impossible to say what these new figures mean for the future of the Baltic Sea or which discharges are acceptable or desirable. But scientists are upset by the fact that the nitrogen burden is so high and that there is no indication that this tendency will diminish. The nitrogen

level in the water layer above the salt-water roof is increasing at the same time as Sweden goes on discharging more nitrogen. The increase was 12 percent in the years between 1969 and 1977.

But the large amounts of discharge come from the eastern nations. It is true that they do not discharge more per person than we do, but the drainage area into the Baltic covers large agricultural areas and 33 million people in Poland, for example. In these lands there is also a strong desire to increase both industrial production and agricultural production as long as they can afford to and can produce enough artificial fertilizer.

#### Deposited on the Bottom

In addition, the scientists suspect that large quantities of nutrient salts are bound up in the mud on the bottom, which could be released and carried up to the upper productive layers in water currents if oxygen conditions become even worse.

It is up toward the surface, either in the algae belt in the coastal zone or in the surface water in the free body of water that the first production occurs. Here the algae transform the nutrient salts into organic material with the help of sunlight, material that is later consumed by small animal forms, mussels, fish, birds, seals, sea eagles and human beings, as we follow the migration up through the food chain.

These life patterns and flows of energy are especially vulnerable to disturbances in the Baltic Sea which with its low number of varieties is poorly prepared to handle rapid changes.

Finnish scientists are now disturbed that the kelp that dominates the hard bottom surfaces and is extremely important for production is now starting to disappear from large areas of the archipelago region. It is not yet known if the decline is natural or if it is due to overfertilization. There are experiments that show that when nitrogen supply is good, the seaweed concentrates on growing and neglects its chemical defenses, allowing kelp scurf to attack the plants freely.

#### Fewer Animals

Poisonous discharges of PCB and DDT among other things have drastically reduced the number of ocean mammals in the Baltic. Environmental poisons have reduced the fertility of seals so that the seal population is only a fraction of what it was in the 19th century. This has eased the pressures on fish, which could also increase in number due to the better supply of food. People fish in the Baltic today as never before and we have been able to increase fish production from 100,000 tons in the beginning of the century to 900,000 tons today. From the Baltic Sea, which makes up only 0.2 percent of international ocean waters, we can get as much as 1.2 percent of the world's fish catch. That is a positive effect of the increasing

discharge of nutrients and poisons. The only question is how long we can go on drawing out our natural resources.

Around the Baltic, scientists are trying to figure out how the superorganism functions and what will happen if we continue to use it as an inexhaustible waste container.

From the shore it is hard to see what is happening under the glints of sunshine between the rocks. The kelp protests with only a muffled crack when the bubbles break between your fingers. The mussel shells among the refuse in the mass of seaweed rattle a little ominously in the warm wind, but the Baltic itself is quiet. From the sea one hears only the sound of breathing, which becomes increasingly heavy as the waves die down.

6578

CSO: 5000/2602

## COUNTRY'S HAZARDOUS WASTE PLANT TO SEND PCB TO UK

Helsinki HELSINGIN SANOMAT in Finnish 7 Jul 83 p 10

[Article: "Hazardous Waste Firm Sending PCB Waste to England"]

[Text] Riihimäki--The Suomen Ongelmajäte Oy [Finnish Hazardous Waste Corporation], whose facilities are under construction in Riihimäki, is putting the final touches on a draft agreement by which condensers and transformers containing PCB will be sent from Finland to England for disposal.

An agreement between the Finnish Hazardous Waste Corporation and the hazardous waste treatment plant of the English Re-Chem Firm will be signed in July. It is expected that the first PCB-shipment will take place in August already.

At its most recent meeting the board of directors of the Finnish Hazardous Waste Corporation decided on the principles and conditions of the agreement. The board of directors has authorized the company's management to sign an agreement as soon as possible.

According to the draft agreement, the hazardous waste company will handle the collection of PCB-wastes, its possible interim storage, and shipping arrangements from Finland to England. Laboratory Chief Markku Aaltonen of the Finnish Hazardous Waste Corporation states that the disposal of PCB-wastes together with shipping expenditures will cost 8 markkaa per kilo in England. Power condensers and transformers will be sent to England for disposal just as they are. They weigh several dozen kilos and contain PCB-fluid by the liters.

Aaltonen, who has been involved in the PCB Committee established by the Interior Ministry, states that there are 250 PCB-transformers and 110,000 condensers in use in Finland. They have created 4,000--5,000 tons of scrap. The amount to be exported will not be more than a few hundred tons.

"The exporting and disposal of PCB-wastes are part of the normal work of the hazardous waste firm. Some industrial firms want to be rid of their waste in one transaction," states Aaltonen. The hazardous waste plant presently under construction in Riihimäki will not be able to dispose of PCB-wastes until 1985.

In its report completed in June the PCB Committee proposed, among other things, that equipment containing PCB be gradually taken out of use. Power condensers would be removed from foodstuffs, fodder, and medical industry storage and production facilities, maintenance and service plants as well as water plants in 1985.

PCB or polychlorobiphenyl has been imported to Finland since the 1930's. However, industry voluntarily gave up the use of this substance in paints and textile products at the end of the last decade.

PCB-fluid is not considered to be a particularly dangerous substance with respect to its immediate effects even though it is a harmful environmental toxic. When it burns, PCB forms dangerous chlorine compounds, which are considered to be supertoxics causing cancer, among other things.

10576

CSO: 5000/2596

## LARGE QUANTITY OF PCB FOUND IN GENERATOR PACKAGES

Helsinki HELSINGIN SANOMAT in Finnish 7 Jul 83 p 10

[Article: "Sahalahti's PCB Apparently Being Sent to England"]

[Text] Tampere--The packing of condensers containing PCB, which were found in the village of Pakkala in Sahalahti, was begun on Wednesday. The work will be completed on Thursday when the containers will be transferred to the property of the Sahalahti Sewage Disposal Plant.

The condensers will be stored outside on plastic sheets in a barbed wire enclosure where they will be kept for 2 months at the most.

"In this way the owners of the waste will be given time to arrange for shipping the condensers out of the country," states Building Planner Pekka Rantanen of the Municipality of Sahalahti.

According to him, probably Suomen Ongelmajäte Oy [Finnish Hazardous Waste Corporation] will send this shipment of toxics to England since the plant being built in Riihimäki will not be able to treat waste until 1985.

Rantanen has received confirmation from the Nokia Corporation that at least a portion of the condensers in Heikki Nieminen's wrecking yard contains PCB. However, Nieminen did not know anything about the toxic substances when purchasing the load of scrap.

In addition to the Nokia Corporation, the engines originated from the Siemens Corporation as well as the Suomen Kaapelitehdas Corporation.

A hundred condensers will be packed in four layers of plastic foil, over which sawdust will be spread as an absorbing agent. The plastic-coated packing will then be placed in solid wood containers suitable for sea transport. The engines will fit in five boxes weighing approximately 1000 kilos each.

On Wednesday health officials of the Kangasala National Health Service took soil samples from the wrecking yard, which will be sent to Jyväskylä for study. The analysis of these samples will take several weeks.

10576

CSO: 5000/2596

LARGE PARTS OF COUNTRY'S FOREST MAY BE KILLED BY 'ACID RAIN'

Stockholm DAGENS NYHETER in Swedish 19 Jul 83 p 5

[Article by Lasse Granestrand]

[Text] The future of the Swedish forest is threatened. Acidification and much too intensive forestry activity are leading to great damage in the forestry sector.

Chemist Astrid Borg and state consultant Anders Eriksson have written about this in two separate reports. Both say something must be done quickly to save the forests.

Large parts of the Swedish forest are threatened with sudden death as a result of acidification.

For decades the forests have been fertilized with acid rain, full of airborne pollution from industries and district heating plants in Sweden and on the continent. Nitrogen, sulfur and acids have caused the forests to flourish, but one day a limit is reached when the trees lose their ability to absorb nourishment, they dry out and die.

This bleak picture of the future of the Swedish forests was painted by chemist Astrid Borg in a report from the Secretariat for Future Studies.

Astrid Borg has compiled a number of research conclusions on acidification in Swedish forests. Her conclusion is that there is a risk of the same dramatic development in Sweden as in West Germany in 1980, when a large part of the forest stand died.

Today it is known that at least 7 percent of the West German forest died.

Dark Picture

"My picture of the situation is darker than the one officially presented in Sweden," said Astrid Borg. "But something must be done quickly by



the politicians, the foresters and those in forest industries. We cannot sit passively and wait for a development such as the one in West Germany."

It has been known in Sweden since 1967 that air pollution in the form of acid rain was threatening Sweden's lakes and forests. According to Astrid, Borg, in the worst case it takes up to 25 years for damage to become as serious as in West Germany. This means that Sweden has 9 years to go before reports start pouring in on extensive damage to trees.

For decades, the acid rain acts as a fertilizer in the forest. But gradually, it becomes too much of a good thing; sulfur, nitrogen and other nutrients. Above all the forest becomes supersaturated with nitrogen. Such a supersaturation means that trees are unable to utilize other nutrients. Trees dry out because of lack of nourishment, the roots become weak and the trees are easily blown down in storms.

Astrid Borg believes that we already have dying forests of this type in Sweden, but that the problem has been unnoticed because the efficient foresters quickly remove dry trees.

The most acid forest areas in Sweden are found in Blekinge, Smaland and Varmland.

6578

CSO: 5000/2602

## INTENSIVE FORESTRY CULTIVATION CAUSING ECOLOGY PROBLEMS

Stockholm DAGENS NYHETER in Swedish 19 Jul 83 p 5

[Article by Kjell Lofberg]

[Text] Intensive forestry in the form of fertilization and drainage of trees can lead to poorer tree growth or even death. The reason is that too intensive forestry creates a lack of trace elements in trees. It is in particular a lack of the trace element boron that leads to the damage in cultivated forests.

State consultant Anders Eriksson of Sweden's Agricultural University said this in a survey he made of the problem. This problem has been noticed primarily in peat fields in Norway and Finland and then in connection with drainage and fertilization. In Sweden the damage has been observed mainly on mineral fields in inner Norrland, where the supply of boron is normally low, and in intensively fertilized research areas.

Anders Eriksson said that the damage can be prevented and even halted by adding boron to the soil.

Trace elements are basic elements that are indispensable for plants, animals and human beings, but are usually needed in only minute quantities. Boron is a trace element that affects hormone balance and controls functions such as cell expansion and water conservation.

In recent decades, forest owners have intensified forest cultivation. With fertilizer and drainage ditches, they have tried to remove the causes that prevent or check growth.

With fertilization, one or several so-called macrosubstances such as nitrogen, phosphorus and potassium are added and this upsets the soil's natural balance of nutrients, which is the intention. But intensive fertilization can lead to depleting the soil of substances other than those that are being added.

An imbalance between the macronutrients and the trace elements (micro-elements), such as boron, copper, zinc and manganese can easily arise. This imbalance leads to growth disturbance.

The damage caused in pine trees is that the top bud becomes smaller than the side buds. The tree can have several buds of equal size and divided crowns. The shoots are also affected by problems if there is a shortage of boron. Growth is checked and the tree becomes bushy.

Anders Eriksson also says in his survey that internal damage occurs to the tree. Cell arrangement in the tissue is disturbed. Hollow piths and hollow buds are typical of an unhealthy shoot where the trace element boron is missing.

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## ANSA GENERAL MANAGER ON IZMIT GULF POLLUTION

Istanbul DUNYA in Turkish 9 Jul 83 p 3

[Interview with ANSA General Manager Nadir Sariseker by Tulay Filiz; date and place not given]

[Text] ANSA [Antibiotics and Medicinal Raw Materials Industry Corporation] is Turkey's first and most important producer of drug raw materials and is one of the establishments in the Kosekoy area which residents of Izmit blame not just for pollution of the gulf, but also for the nauseous odor that occasionally permeates the city. ANSA General Manager Nadir Sariseker says, "It is impossible to have industry without pollution. Therefore, radical measures ought to have been taken at the outset, but the same measures can be taken now despite the delay."

DUNYA asked how accurate it was to place all the blame on industry. Sariseker's reply to this and other questions appears below:

Sariseker: It is a must when establishing industrial zones to take the necessary measures so they do not cause environmental pollution. So if a city without infrastructure is inconceivable, it is equally necessary to prepare the infrastructure at the time of building in an industrial environment. If no sewers are laid for the residential waste of a city and it is left in the streets, you know what will happen to the city the more it grows. This is similar to what has happened to the industrial sector of our area. Where there are industrial establishments, there is going to be waste that will pollute the environment and industrial sewers are necessary for it. This deficiency, and the mistake, in Izmit and its environs would begin with the building of the Turkish Cellulose and Paper Factories, the first large industrial establishment. The facility was built with the sea being the only solution considered for wastes. Dumping all of Izmit's residential waste into the sea increased the pollution as the city grew and even became a worse pollution factor than industry.

It continued this way and the Gulf of Izmit ended up in the predicament it is in today as a consequence. In my opinion, any palliative measures taken will do nothing to solve the problem of industrial waste as long as there are no industrial sewers. Each firm can go to a great deal of expense but the problem cannot

be fully resolved. Actually, it is too late for individual measures and it got that way by leaving it up to each other. In Izmit, which is a dense population area, no solutions are being sought to the city's sewage pollution. The industrialist has never looked at it in the sense, "If there is so much pollution anyway, I might as well add mine," but he has been slow. Legal measures and arrangements started appearing just recently. We the industrial establishments have been researching what we could do for a long time. It is late, but not impossible, for the industrial sewers I mentioned. There are examples of this in the West. The state lays these sewers and collects a subscription fee from the establishments that hook up to them.

[Question] Would you describe your efforts to date?

[Answer] The marine products regulations that came out in 1975 set pollution limits and allowed 1 year for compliance. The limits were not realistic. They wanted waste water to be practically as clean as pure water. The Izmit Chamber of Commerce and Industry and municipal and industrial leaders held meetings to discuss this. The municipality requested that all the industries engage the Swedish firm Sweco to work up the project. This firm took samples from each facility and, 1 month before the year for compliance was up, concluded that residential and industrial wastes could not be cleaned up at one go. On the failure of this study, the Environmental Engineering Department at the Istanbul Technical University was asked to conduct a study. This study, which took another year, concluded that each firm contributed in greater or lesser degree to pollution but offered no overall solution. Next, the industrialists went to TUBITAK [Turkish Scientific and Technical Research Organization] for research. Its conclusions were similar to the Technical University's, but at least offered a partial solution.

Preventives were easy for some of the firms and they were informed of them. For others, direct measures could not be offered and required further study. ANSA was one of these. Several of the firms in this predicament each paid a project fee of 300,000 liras in 1979. We asked TUBITAK to do the clean-up project. It was finished in late 1982. Of course, TUBITAK's research was done under laboratory conditions and required further project work for industrial applications. Various authorities had different opinions about the waste water limits defined in the project. For instance, the Ministry of Health thought the purification rate that would be achieved by our project was too low, and we again asked TUBITAK for help. To observe the project on a small scale on the basis of their results, we set up a pilot unit on a scale of 1/1,000 against the proposed purification facility, and it is in operation.

[Question] It is understood that purification units require a significant investment outlay. Would you venture an opinion on the approximate sums?

[Answer] It varies depending on the amount and type of waste. Facilities for which an 8 million-10 million-lira investment may suffice sit next door to others which may require 50 million to 80 million liras or even more.

[Question] What are the most important problems and solutions needed, in your opinion, to clean up the environment?

[Answer] Sewage for more than 200,000 people is dumped directly into the Gulf of Izmit without passing through a purification unit and, as far as we know, no concrete measures have yet been taken in this regard. At present everyone is looking at the problem only in terms of "the problems that industry creates." This problem must be taken up with priority. The second important measure is, as I mentioned before, industrial sewers to provide a good solid solution to industrial wastes.

[Question] You talk about industrial sewers as the indispensable measure for resolving industrial wastes. Such a measure would have to be a long-term one; how would it be carried out and what would it contribute? Would you sum that up?

[Answer] Certainly. Izmit is an industrial area and industrial sewers are the infrastructure of industry. The initial measure must be taken by the state and paid for by the state. But every business that uses the sewers would pay a subscription fee. This is how the facility could be paid off.

In a regular sewer, waste build-up could be prevented -- by pumping if necessary, thus preventing odors.

If there were a required final purification before the ultimate emptying into the sea, anyone who wanted to go to the gulf for a swim could be sure of what he was in.

If there were a regular sewer and purification system, it would be easier to tell whether factory wastes were slipping through the initial purification.

[Question] Could waste monitoring be regularized at the moment?

[Answer] This is more of a question for the control people. But it is good for us to air some of our concerns. There are firms that were late in taking measures -- despite their good intentions -- because TUBITAK was unable to recommend emergency solutions, but there are also some for which concrete solutions were recommended. If the measures are not taken, their pollution is allowed to continue, even though the ones who have not taken measures are creating more pollution. There is no need to wait for the project for such firms to take measures. It is hard, in fact, to check the extent to which measures have been taken.

[Question] What do you think of what has been done in recent years by the Undersecretariat for the Environment?

[Answer] We think it is very positive. We can get a more factual look at the matter in this way. Moreover, such a central organization is needed to enable nationwide, long-term measures to be taken. Certainly the problems built up over many years, and radical solutions will require hard work and many years as well.